

On securities market

Unofficial translation

The Law of the Republic of Kazakhstan dated 2 July 2003 № 461.

Unofficial translation

Footnote. Throughout the text, the words "of the broker-dealer", "the broker-dealer", "a broker-dealer", "the Broker-dealer" are replaced by the words "of broker and dealer", "the broker and dealer", "broker and dealer", "Broker and dealer"; the words "broker-dealer", "Broker-dealer", "of broker-dealer", "to Broker-dealer", "by a broker-dealer" are replaced by the words "broker and (or) dealer", "Broker and (or) dealer", "of broker and (or) dealer", "to Broker and (or) dealer", "by broker and (or) dealer" in accordance with the Law of the Republic of Kazakhstan dated 8 July 2005 № 72 (the order of the entry into force see Article 2);

Throughout the text, the words "official, commercial", "commercial and official", "commercial, official", "official and commercial" are replaced by the word "commercial"; the words "Commercial and official", "of commercial and official" are respectively replaced by the words "Commercial", "of commercial" in accordance with the Law of the Republic of Kazakhstan dated 28 December 2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication);

throughout the text, the words "self-regulatory", "Self-regulatory" are replaced by the words "professional", "Professional" by Law of the Republic of Kazakhstan № 391-V as of 12.11.2015 (shall be enforced six months after its first official publication).

From 01.01.2013 the words "the unified registrar", "of the unified registrar", "by the unified registrar" shall be regarded as the words "the registrar", "of the registrar", "by the registrar" in accordance with the Law of the Republic of Kazakhstan dated 28 December 2011 № 524-IV.

Footnote. Throughout the text, the words "to affiliated", "of affiliated", "by affiliated" are replaced correspondently by the words "to affiliated", "of affiliated", "by affiliated" in accordance with the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

This Law determines public relations that arise in a process of issuance, placement, circulation and redemption of issuance securities and other financial instruments, particularly creation and activities of securities market entities, defines procedure of regulation, control and supervision of the securities market for the purposes of provision for the safe, open and effective functioning of the securities market, protection of the rights of investors and possessors of securities, fair competition by participants in the securities market.

Footnote. The Preamble is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2012 No 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 1. General Provisions

Article 1. Basic definitions, used in this Law

the following basic definitions shall be used for the purposes of this Law:

1) agency bond - a bond issued by a financial agency or a legal entity redeeming mortgage loans from individuals not engaged in the entrepreneurial activity, whose one hundred percent of shares belong to the National Bank of the Republic of Kazakhstan;

2) Convertible security – securities of a joint stock company that subject to replacement by the securities of the other type on terms and in order defined by the issue prospectus;

3) Underwriter – professional participant of the securities market that have a license for brokerage and dealer activities and that provide services to the issuer on issuing and placing of the issuance securities;

3-1) open bidding method - a bidding method in which a bid is submitted by a bidder himself/herself/itself, and unlimited number of bidders are supposed to participate on a competitive basis;

3-2) social bonds – bonds, the funds from the placement of which will be used to finance (refinance) partially or completely new and (or) existing projects aimed at solving social problems and (or) achieving positive social changes;

4) Securities - a complex of certain records and other indications certifying property rights ;

5) Nominal holding of securities - commission on behalf and at the expense of holders of securities of certain legal actions in accordance with an agreement of nominal holding or in accordance with this Law, as well as accounting and confirmation of securities rights and registration of transactions with the securities of such holders;

6) Quotation of securities - price of demand and (or) supply announced on a security at certain time on the organized securities market;

7) Primary securities market - placement of announced issuance securities by the issuer (underwriter or underwriting consortium), except for a further placement by the issuer of previously redeemed by them issuance securities on the secondary securities market;

7-1) the integrated information system of the securities exchange - a stock exchange's set of material and technical means and internal documents used to support the exchange of quotes and to enable its users to enter into transactions;

8) Secondary securities market - relationship that is developed between the subjects of securities market in a process of conversion of placed securities;

8-1) issuing conditions of securities - a document (prospectus for the issue of securities, a private memorandum, information about the issue of bonds with a maturity of not more than

twelve months, another document that determines the issuing conditions) containing information about (on) the issuer, issuance securities intended for sale, the volume of the issue, the number of securities in the issue, the procedure and order for their issue, placement, circulation, payment of dividends (remuneration), redemption and other information that may influence the investor's decision to purchase securities;

9) the system of registers of securities holders - a set of information about the issuer, equity securities and their holders, providing identification of holders of rights to equity securities at a certain point in time, registration of transactions with securities, as well as the nature of the registered restrictions on the circulation or exercise of rights on these securities, and other information in accordance with the regulatory legal act of the authorized body for regulation, control and supervision of the financial market and financial organizations;

9-1) professional securities trader - a legal entity, a branch of a non-resident bank of the Republic of Kazakhstan, operating in the securities market under a license or under the laws of the Republic of Kazakhstan;

10) securities market manipulation - actions of financial market entities aimed at setting and (or) maintaining prices (rates) of securities and other financial instruments, including foreign currencies and derivative financial instruments, higher or lower than those established as a result of the objective supply-demand situation, at imitating the trade in a security or another financial instrument;

11) excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 16.12.2020);

12) Holder of securities - a person registered in a system of registers of securities holders or in an accounting of nominal holding system, that have rights on securities and share investment fund that have upon common shared ownership interest in securities, included into composition of assets of the share investment fund;

13) Basic assets - standardized consignment, securities, currency, financial instruments and other indicators defined by internal documents of an auction organizer;

13-1) general financial agreement – an agreement on the terms of which transactions with derivative financial instruments, repo transactions and (or) other transactions can be concluded, the object of which are securities, currency and (or) other financial instruments, the standard terms of which are developed by a professional organization or, in cases set forth by this Law, by a foreign professional organization;

14) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.07.2019);

15) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.07.2019);

15-1) the integrated information system of the OTC securities market - the central securities depository's set of material and technical means and internal documents used to

support the exchange of quotes and to enable the making of transactions in the unorganized securities market;

16) Broker - a professional participant of securities market that executes transactions in issuance securities and other financial instruments on behalf, at the expense and in interests of a client;

17) Order - a document presented to a professional participant of securities market by holder (acquirer) of financial instruments, with specification of implementation of certain actions in respect of its own financial instruments or money intended for acquisition of financial instruments;

17-1) single operator - a single operator in the field of state property accounting, determined in accordance with the legislation of the Republic of Kazakhstan on state property ;

18) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019);

19) Individual investor – an investor, that is not institutional investor;

20) delisting - exclusion of securities from the official list of the auction organizer;

21) Depository receipts - derivative issuance security evidencing the right of ownership to a specific set of issuance securities that is underlying of a depository receipts;

22) depository activity - an activity on rendering services of nominee holding of securities for other nominee holders, organizations that are clients of the central securities depository, and making settlements on transactions with financial instruments;

23) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication);

24) depositor - a client of the central securities depository performing the functions specified in paragraph 1 of Article 59 of this Law;

25) Default – non-performance of obligations on issuance securities and other financial instruments;

26) Dealer - a professional participant of securities market that makes transactions in issuance securities and other financial instruments in its interests and at its own expense on unorganized securities market and on organized securities market with a right of direct access to it;

26-1) a voluntary accumulative pension fund - a professional participant in the securities market, carrying out activities on managing an investment portfolio with the right to attract voluntary pension contributions on the basis of a license from an authorized body for regulation, control and supervision of the financial market and financial organizations;

27) the declared equity securities - securities, the issue of which is registered by the authorized body for regulation, control and supervision of the financial market and financial organizations;

27-1) “green” bonds – bonds, the funds from the placement of which will be used to finance (refinance) partially or completely new and (or) existing "green" projects;

28) Client account – a set of records contained in securities holders register system or nominal holding accounting system, allowing to uniquely identify a registered person with the purpose of registration of transactions and accounting of rights on issuance securities and other financial instruments;

29) account statement - a document which is not a security issued by the central securities depository or a nominee holder and confirming the rights of a registered person to financial instruments at a certain point in time;

30) is valid until 01.01.2013 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV;

31) Investment project - complex of activities aimed at achieving certain results from investment and providing investment as well as implemented within a certain period of time and with a complete character;

32) investment committee - a collegial body of a professional participant in the securities market (except for a transfer-agent) making investment decisions on own assets of a professional participant in the securities market and (or) assets transferred into investment management of an investment portfolio manager;

33) investment portfolio - a set of various types of financial instruments or assets of an investment fund owned or managed by a securities market entity in accordance with the requirements established by the legislation of the Republic of Kazakhstan on investment and venture funds;

34) Manager of investment portfolio - a professional participant of securities market carrying out on its behalf and at expense of client an activity on management of objects of civil law;

35) Insider - a person, that have access to inside information;

36) Inside information - reliable information on securities (derivatives of financial instruments), transactions with them, as well as about an issuer, that issued (offered) securities (derivative financial instruments), activities constituting a commercial secret, as well as other information that is not known to third parties and a disclosure of that can affect to alteration in a cost of securities (derivative financial instruments) and to activity of its issuer;

37) Institutional investor - legal entity, attracting funds with the purpose of implementation of investments in accordance with the legislation of the Republic of Kazakhstan;

38) infrastructure bond - a bond, the issuer’s obligations for which are secured by a state guarantee under a public-private partnership agreement, including a concession agreement, on implementation of an infrastructure project, concluded between the state and the issuer and amounting to the value of a property item transferred to the state;

39) a mortgage bond - a bond secured by the pledge of claims under mortgage loan agreements (including the pledge of mortgage certificates), as well as other highly liquid assets, the list of which is established by the regulatory legal act of the authorized body for regulation, control and supervision of financial market and financial organizations;

40) Islamic special finance company - a legal entity set up in accordance with this Law, having the organizational legal form of a joint-stock company or limited liability partnership, issuing Islamic securities, as well as the State Islamic special finance company;

41) Allocated assets of an Islamic special financial company - property and rights to claim acquired by an Islamic special financial company, receipts by it;

42) Islamic securities - issuance securities the terms of issue of that correspond to principles of Islamic financing, certifying right of ownership of an undivided share to physical assets and (or) right to dispose assets and (or) income from use of them, services or assets of specific projects, for financing of that these securities have been issued;

43) Redemption of Islamic securities - payment in the terms established by prospectus of issue of Islamic securities, at the expense of allocated assets amounts of money corresponding to a share, proportional to the ratio of number of Islamic securities owned by a holder, to a total number of Islamic securities of specified issue;

44) Representative of holders of Islamic securities - an organization acting in the interests of holders of Islamic securities on basis of an agreement concluded with an issuer;

45) Denomination value of Islamic securities - monetary cost of Islamic securities paid by an investor on acquisition of Islamic securities in a framework of original issue on conditions established by prospectus of issue of Islamic securities;

46) Custodian – a professional participant of securities market carrying out accounting of financial instruments and money of clients and confirmation of rights on it, safekeeping of certificated financial instruments of clients with assuming obligations for their safety and other activities in accordance with legislative acts of the Republic of Kazakhstan;

47) Client - a person using or intending to use services of a professional participant of the securities market;

47-1) clearing participant - a legal entity having a clearing service agreement with a clearing organization (central counterparty);

47-2) accounts for implementation of clearing activities - accounts opened in the name of a clearing organization for assets accounting of a clearing organization, specified in part two of paragraph 4-1 of Article 77-1 of this Law;

47-3) guarantee funds of a clearing organization (central counterparty) - funds formed from the contributions of the clearing members and intended to reduce the risks of a clearing organization's (central counterparty's) activities when servicing clearing members, as well as securing the obligations of clearing members to a clearing organization (central counterparty)

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47-4) reserve fund of a clearing organization (central counterparty) - funds formed from the own assets of a clearing organization (central counterparty) and intended to reduce the risks in the activities of a clearing organization (central counterparty);

48) Kazakhstani depository receipts - derivative issuance security evidencing right of ownership to a specific set of issuance securities, issued in accordance with the legislation of the Republic of Kazakhstan;

49) 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 and (or) a guarantee of the state and (or) a guarantee of the national development institution, which is a bank authorized to provide state support for industrial and innovative activities and (or) a guarantee of a special entrepreneurship development fund, established by decision of the Government of the Republic of Kazakhstan, the controlling stake of which belongs to the national management holding;

50) clearing activity on transactions with financial instruments - the process of identification, verification and transfer of information about the requirements and (or) obligations of participants in transactions with financial instruments;

51) dematerialization of financial instruments – a change in the method of the reaffirmation of rights certified by financial instruments issued in documentary form, reaffirming them with electronic records in the accounting system of the central securities depository;

52) Financial market - set of relations connected with provision and consumption of financial services and treatment of financial instruments;

52-1) clearing participation certificate - a non-equity security issued by a clearing organization acting as a central counterparty and certifying the right of its owner to a share of assets held in the guarantee fund of the clearing organization;

52-2) covenants (restrictions) - conditions, the occurrence of which entails emergence of obligations for the issuer of non-government bonds, established by the prospectus of non-government bonds issue;

53) a stock exchange - a legal entity created in the organizational and legal form of a joint-stock company, at least twenty-five percent of the total number of voting shares of which belong to the National Bank of the Republic of Kazakhstan, providing organizational and technical support for trading by their direct conduct using the trading systems of this bidding process organizer;

53-1) an official list of the stock exchange – part of the list of the stock exchange, for inclusion and placement in which the securities and issuers of securities meet the requirements of the regulatory legal act of the authorized body for regulation, control and supervision of the financial market and financial organizations and internal documents of the stock exchange;

54) Trade systems of stock exchange - complex of material and technical means, internal documents of the stock exchange and other necessary assets and procedures, with use of that are made transactions in issuance securities and other financial instruments between members of specified stock exchange;

55) Trader of stock exchange – individual, authorized to making transactions and performing other actions on behalf of a member of stock exchange with use of trade system of specified stock exchange;

55-1) a list of the stock exchange – a list of financial instruments, drawn up in accordance with the internal documents of the stock exchange, allowed for circulation in the trading system of the stock exchange;

55-2) corporate events - events having a significant impact on the issuer's activity, affecting interests of the issuer's security holders and investors, specified in Article 102 of this Law;

56) Undocumented securities - security issued in non-documentary form (as a set of electronic records);

57) Documented securities - securities issued in documentary form (on paper or other tangible medium with possibility of direct reading of securities content without use of special technical means);

58) Leverage - ratio between amount of liabilities and owner capital of an issuer;

59) listing - inclusion of securities in the official list of securities of the stock exchange, for the inclusion and being in which the internal documents of the stock exchange establish special (listing) requirements for securities and their issuers;

60) licensee - a legal entity, a branch of a non-resident bank of the Republic of Kazakhstan, operating in the securities market under a license issued by the authorized body for regulation, control and supervision of the financial market and financial organizations;

60-1) margin contribution - money and (or) other financial instruments contributed by a clearing member as security for the fulfillment of obligations to a clearing organization (central counterparty);

60-2) margin transaction - a transaction for the purchase and sale of securities, made by a broker and (or) a dealer entitled to maintain customer accounts as a nominee securities holder, on behalf of his client, the settlement on which is made using money or securities provided by the broker and (or) dealer to the client on the terms of repayment, urgency and payment;

61) Non-governmental issuance securities - shares, bonds and other issuance securities that are non-governmental issuance securities;

61-1) state Islamic special finance company - Islamic special finance company established by decision of the Government of the Republic of Kazakhstan by the authorized body for state property in the organizational legal form of a limited liability partnership, issuing government Islamic securities;

62) government issue-grade security - an issue-grade security certifying the rights of its holder in relation to a loan where the borrower is the Government of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan and local executive bodies, or certifying its holder's rights to receive income from the use of assets under a lease agreement;

63) impeccable business reputation - facts confirming professionalism, integrity, the absence of unexpunged or outstanding criminal record, including the absence of a final and binding court decision on using a criminal sanction in the form of life-long disqualification to hold a senior executive position in a financial institution, banking and (or) insurance holding company and to be a major participant (major shareholder) in a financial institution;

64) Conflict of interests - a situation in that interests of professional participants of securities market and their clients do not match;

64-1) net obligation (net claim) – a monetary obligation (monetary claim) arising (calculated) as a result of the implementation (application) of liquidation netting according to the procedure and on the terms specified in the general financial agreement;

65) nominal holding accounting system - an accounting system for a professional participant in the securities market providing nominal holding services, containing information about the holders of securities and their securities, ensuring their identification at a certain point in time, registration of transactions with securities, as well as the nature of registered restrictions on the circulation or exercise of rights under these securities, and other information in accordance with the regulatory legal act of the authorized body for regulation, control and supervision of the financial market and financial organizations;

66) Redemption of bonds - actions of an issuer on withdrawal from circulation of placed bonds by way of payment of reward and denomination value (without purpose of subsequent sale) of debentures or convert it into share (shares) of this issuer according to the procedure provided for by prospect of bonds issue;

67) Representative of debenture holder - an organization acting in the interests of debenture holders under a contract concluded with an issuer, in a process of circulation of debentures on the secondary securities market, payments of reward on debentures, and their redemption;

67-1) bond issue framework program – a document defining the general strategy of the issuer to achieve the goals of sustainable development, the compliance of its issued "green" and (or) social bonds, and (or) bonds of sustainable development, and (or) bonds related to sustainable development, internationally recognized standards in the field of sustainable development, including in terms of the intended use of money received from the placement of these bonds, management (accounting) of this money, obtaining an external assessment, verification, subsequent disclosure of information;

68) Debenture program - issue of debentures within that an issuer is entitled to carry out several issues of debentures, including with different structure of an issue determined by a relevant issue prospectus;

69) par value of a bond – the monetary value of a bond value defined by the terms of the issue;

70) Freeze - temporary ban on registration of civil-law transactions with securities in register system of securities holders and accounting system of nominal holding, realized with the purpose of guaranteeing a security of securities;

71) an originator - a resident legal entity of the Republic of Kazakhstan that meets the requirements of the authorized body for regulation, control and supervision of the financial market and financial organizations, transferring 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, as well as the authorized body for state property management;

72) Placed issuance securities – issuance securities, fully paid by investors on a primary securities market;

72-1) sustainability-linked bonds – non-government bonds, the characteristics of which may vary depending on the achievement by the issuer of its goals in the field of sustainable development;

72-2) sustainable development bonds – bonds, the funds from the placement of which will be used to finance (refinance) in part or in full a combination of "green" and social projects;

73) central securities depository – a specialized non-profit joint-stock company carrying out the activities indicated in Article 45 of this Law;

74) accounting system of the central securities depository - the collection of data generated by the central securities depository in the course of its depository activity and the activity on maintaining the system of registers of securities holders;

75) central counterparty - an organization that carries out the clearing activity on transactions with financial instruments, as well as certain types of banking operations and acts as a party to transactions made in the organized and unorganized securities markets, and also on the commodity exchange, for each seller and each buyer of a financial instrument;

76) professional organization - a legal entity set up by professional participants in the securities market in the form of an association (union) in order to establish uniform rules and standards for their activities in the securities market;

77) applicant - a legal entity, a branch of a non-resident bank of the Republic of Kazakhstan, which submitted documents to the authorized body for regulation, control and supervision of the financial market and financial organizations in order to obtain a license to operate in the securities market;

78) prudential standards - financial indicators of the norms established by the authorized body for regulation, control and supervision of the financial market and financial organizations and subject to observance by the licensee;

79) Emergency fund - funds intended to cover losses arising as a result of investment of money received from placement of Islamic securities, procedure of formation and use of that is determined by prospectus of issue of Islamic securities;

80) Rating - individual numerical and literal indicator for an evaluation that is establishing a relative creditworthiness of a particular issuer or the quality and reliability of its securities;

81) auction organizer - the stock exchange or central securities depository organizing and providing technical support for trading by operating and maintaining a quotation exchange system among clients of the central securities depository in accordance with this Law;

82) liquidation netting – the provision of the general financial agreement, on the basis of which, upon the occurrence of an event specified in the general financial agreement, all monetary obligations (monetary claims), as well as all obligations (claims) for the transfer of property, including the provision (payment) of a security fee, for all transactions concluded in within the framework of the master financial agreement, regardless of whether the specified obligations (claims) are subject to execution at the time of the occurrence of such an event, are replaced (automatically or at the choice of one of the parties) by novation, termination or otherwise specified in the general financial agreement, with one net obligation (net claim), the deadline for which is considered to have come;

83) paying agent - a bank, a branch of a non-resident bank of the Republic of Kazakhstan or an organization carrying out certain types of banking operations;

84) Transfer-agent - professional participant of securities market, rendering services on reception and transfer of documents (information) between its clients;

85) derivative securities – securities certifying rights in relation to the underlying asset of these derivative securities (derivative securities are not a derivative financial instrument, but may be the underlying asset of a derivative financial instrument);

86) Registered person - a person having a client account opened in an accounting system of a professional participant of securities market;

87) acted until 01.01.2013 in accordance with the Law of the Republic of Kazakhstan dated 12.28.2011 № 524-IV;

88) is excluded by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar day after its first official publication)

89) organized securities market - the sphere of circulation of issue-grade securities and other financial instruments, transactions with which are carried out in accordance with internal documents of the stock exchange;

90) unorganized securities market - the sphere of circulation of securities and other financial instruments in which transactions with securities and other financial instruments, including foreign currencies and derivative financial instruments, are carried out without observing the requirements established by internal documents of the stock exchange;

91) international identification number (ISIN code) - an alphanumeric code assigned by the central securities depository to securities and other financial instruments for their identification and systematization of accounting;

92) Hedging - transactions with derivative financial instruments performed for the purpose of compensation of possible losses arising from adverse changes in prices or other indicator of an object of a hedging. Under objects of hedging are recognized assets and (or) obligations as well as cash flows associated with specified assets and (or) obligations or expected transactions;

92-1) foreign professional organization – an international organization, a foreign legal entity or a foreign organization that is not a legal entity, establishing uniform rules and (or) standards in the financial markets, included in the list approved by the authorized body;

93) Foreign government issuance securities - issuance securities certifying a right of its holder in relations of loan in that a borrower is a foreign government, or other securities, attributed in accordance with the legislation of a foreign government to government securities ;

94) Structure of an issue - information on number of issued issuance securities, their type, denomination value (for debentures);

95) Internal documents - documents, that regulate conditions and procedure for activities of an entity of securities market, its bodies and subdivisions (branches, representative offices) , employees, rendering of services and an order of their payment;

96) Issuance securities - securities having in the framework of same issue` of homogeneous characteristics and details that are placed and circulated on the basis of a unified conditions for specified issue;

97) Circulation of issuance securities - making on secondary securities market of civil-law transactions with securities;

98) State register of equity securities - a set of information on issues of equity securities and their issuers, formed by the authorized body for regulation, control and supervision of the financial market and financial organizations;

99) Placement of issuance securities - sale of securities in primary securities market;

100) excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication);

101) issue of issuance securities – actions of the issuer aimed at arising of equity securities as an object of civil rights, or a set of certain securities, the placement, circulation and redemption of which is carried out in accordance with the prospectus of issue of these issuance securities;

102) Cancellation of an issue of issuance securities - termination of existence of issuance securities as an object of civil rights;

103) Underwriting consortium - association of underwriters, created on the basis of a contract on joint activity for the purpose of providing services to an issuer at issuing and placing of issuance securities;

104) Issuer – person, carrying out issuing of an issuance securities.

Footnote. Article 1 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 311-V as of 27.04.2015 (shall be enforced ten calendar days after its first official publication); № 380-V oas of 31.10.2015 (shall be enforced ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); № 174-VI as of 04.07.2018 (shall be enforced ten calendar days after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (enforcement Article 2); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 2. Legislation of the Republic of Kazakhstan on securities market

1. Legislation of the Republic of Kazakhstan on securities market shall be based on the Constitution of the Republic of Kazakhstan and consists of the Civil Code of the Republic of Kazakhstan, this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. If an international treaty ratified by the Republic of Kazakhstan establishes different rules than those contained in this Law, the rules of an indicated treaty shall be applied.

3. Norms of this Law shall apply to legal relations arising in a process of issuance, placement, circulation and redemption of government securities, issuance securities, other financial instruments issued by banks, organizations conducting certain types of banking transactions, insurance (reinsurance) organizations, investment funds, an integrated accumulative pension fund, voluntary pension funds, unless otherwise provided for by the legislative acts of the Republic of Kazakhstan.

4. For professional participants in the securities market and other legal entities operating within the framework of the special regulatory regime introduced in accordance with the Law of the Republic of Kazakhstan "On state regulation, control and supervision of the financial market and financial organizations", the norms of this Law and regulatory legal acts of the authorized body for regulation, control and supervision of the financial market and financial organizations, the National Bank of the Republic of Kazakhstan, adopted in accordance with this Law, are applied within the limits provided for by the conditions of the special regulation regime.

Footnote. Article 2 as amended by the Laws of the Republic of Kazakhstan dated 20.11.2008 № 88-IV (the order of the entry into force see Article 2); dated 21.06.2013 № 106 -V (shall be enforced upon expiry of ten calendar days after its first official publication); № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Article 3. State regulation of securities market

1. State regulation of the securities market is carried out by the authorized body for regulation, control and supervision of the financial market and financial organizations (hereinafter - the authorized body).

2. An authorized body shall:

1) determine as agreed with the Government of the Republic of Kazakhstan priorities in the field of formation and development of securities market;

2) conduct state policy on maintenance of functioning of securities market in the Republic of Kazakhstan and formation of an infrastructure of national securities market, protection of rights and interests of investors on securities market;

3) adopt regulatory legal acts on issues of regulation, control and supervision of the securities market and securities market entities, which are binding on securities market entities, other individuals and legal entities in the territory of the Republic of Kazakhstan;

4) recognize financial market assets as securities, determine the procedure for their registration, conditions and procedure for issuance, circulation, redemption;

5) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication);

6) maintain government register of issuance securities, an electronic register of licensor and register of permits to implementing an activity on securities market;

7) suspend and resume placement and circulation of non-governmental issuance securities , cancel issues of non-governmental issuance securities;

7-1) define types and requirements to mass media, that can be used to publish information on activities of securities market entities subjected to mandatory public disclosure, in accordance with this Law and other legislative acts of the Republic of Kazakhstan;

7-2) discloses the information contained in the conditions for issuing issuance securities and in private memorandums of bonds, on the approval of the report on the results of the placement of shares, on the cancellation of the issue of shares according to the procedure and on the terms determined by the regulatory legal act of the authorized body;

8) determines the rules for carrying out professional activities in the securities market, requirements for the conditions and procedure for professional participants in the securities market to carry out transactions with securities and (or) derivative financial instruments, and the accounting of these transactions;

9) recognize activity on securities market as a professional;

- 10) establish the procedure for issuing, suspending and revoking licenses for carrying out professional activity in the securities market;
- 11) establish the types of prudential standards and other binding standards and limits of licensees' financial strength, the procedure and methods for calculating their values including proportionally depending on the risks assumed by the licensee;
- 12) issue licenses for types of activities on securities market, suspend, renew and deprive of a licence;
- 13) is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72;
- 14) give consent to the appointment (election) of senior executives of:
 - the central securities depository;
 - the single operator;
 - applicants (licensees);
- 15) is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020);
- 16) is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72
- 17) is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72
- 18) is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72
- 19) within its competence, regulate, control and supervise the activity of the subjects of the securities market;
 - 19-1) apply supervisory response measures established by Article 3-3 of this Law and (or) sanctions established by Article 3-6 of this Law to professional participants in the securities market;
 - 19-2) apply limited enforcement measures and (or) sanctions established by Article 3-1 of this Law to the subjects of the securities market (except for professional participants of the securities market and professional organizations);
 - 19-3) entitled to take legal resource to protect rights and legitimate interests of securities holders;
 - 19-4) send binding instructions to the professional organization;
- 20) is excluded by the Law of the Republic of Kazakhstan dated 19.02.2007 № 230;
- 21) publish information on issues of securities market, using information in its possession concerning entities of securities market (with the exception of information constituting commercial and other secret protected by the Law), as well as information on measures taken by them to subjects of securities market;
- 22) interact with foreign bodies of regulation of securities markets on issues of coordination of taken measures on regulation of securities markets, prevention and suppression of offences on securities markets and other issues of mutual interest;
 - 22-1) determine conditions and procedure of suspension and resumption of trading on stock exchange;

22-2) determine the procedure and conditions for the provision of electronic services by nominee holders;

22-3) determine the procedure for the formation of a risk management and internal control system for professional participants in the securities market, including proportionally depending on the risks assumed by the professional participant in the securities market;

23) exercise other powers provided for by this Law, other Laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

3. The National Bank of the Republic of Kazakhstan, in agreement with the authorized body, determines the list, reporting forms, terms and procedure for its submission by the central securities depository, single operator, licensees and major participants, managing the investment portfolio to the National Bank of the Republic of Kazakhstan.

Footnote. Article 3 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2004 № 577-IV (shall be enforced from the 01.01.2005); dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 12.01.2007 № 222 (shall be enforced upon expiry of 6 months after its official publication); dated 19.02. 2007 № 230 (the order of the entry into force see Article 2); dated 15.07. 2010 № 337-IV (the order of the entry into force see Article 2); dated 05.07.2011 № 452-IV (shall be enforced from 13.10.2011); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (see the enforcement procedure in Article 2); № 168 -VI as of 02.07.2018 (see the enforcement procedure in Article 2); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication); dated 12.07.2022 № 138-VII (for the procedure of enactment see Art.2).

Article 3-1. Limited enforcement measures and sanctions applied to the subjects of the securities market (except for professional participants of the securities market and professional organizations) by the authorized body

Footnote. The heading of Article 3-1 - as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

1. If the authorized body finds violations of the legislation of the Republic of Kazakhstan on the securities market and on joint-stock companies, identifies illegal actions or inaction of the subject of the securities market or his officials (if any), and also its non-compliance with other requirements of the authorized body provided for by this Law and the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, the authorized body is entitled to apply to the issuer one of the following limited enforcement measures:

1) to give a binding written order;

2) to issue a written warning;

3) to draw up a written agreement;

4) is excluded by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

2. Is excluded by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

3. A written order is an instruction to the subject of the securities market to take mandatory remedial actions aimed at eliminating identified violations and (or) reasons, and also conditions that facilitated their commissioning, within the prescribed time frames, and (or) obligating to submit, within the prescribed time frames, an action plan to eliminate identified violations and (or) reasons, and also conditions that facilitated their commissioning (hereinafter referred to as the action plan).

The action plan, submitted within the time frames prescribed by the written order, shall indicate the violations, reasons that led to their occurrence, a list of planned events, the timing of their implementation, and also responsible officials.

The authorized body's writ shall be appealed in accordance with the procedure established by the laws of the Republic of Kazakhstan. An appeal against the authorized body's writ shall not suspend its execution.

4. A written warning is a notification of the authorized body about possible application of sanctions provided for in paragraph 10 of this article, to the subject of the securities market, in case of a repeated violation of the norms of the legislation of the Republic of Kazakhstan within the subsequent six calendar months, similar to the violation, for which this written warning is issued.

5. A written agreement is an agreement concluded in writing between the authorized body and the subject of the securities market on the need to eliminate identified violations and approval of the list of measures to eliminate these violations, indicating the timing of their elimination and (or) the list of restrictions accepted by the subject of the securities market to eliminate detected violations.

A written agreement is subject to mandatory signing by the subject of the securities market.

6. The subject of the securities market is obliged to notify the authorized body of implementation of the measures specified in the written order and the written agreement, within the time frames specified in these documents.

7. The procedure for applying limited enforcement measures to the subject of the securities market is determined by regulatory legal acts of the authorized body.

8. The authorized body has the right to apply sanctions to the subject of the securities market, regardless of limited enforcement measures earlier applied thereto.

9. If it is not possible to eliminate a violation within the time frames specified in the action plan, written agreement or written order, for reasons beyond the subject of the

securities market's control, the deadline for the execution of the action plan, written agreement or written order may be extended by the authorized body according to the procedure prescribed by its regulatory legal act.

10. The authorized body is entitled to apply sanctions to the subject of the securities market in the form of an administrative penalty according to the procedure prescribed by the Code of the Republic of Kazakhstan on Administrative Infractions.

Footnote. The Law is supplemented with Article 3-1 in accordance with the Law of the Republic of Kazakhstan dated 19.02.2007 № 230 (the order of enforcement see Article 2); as amended by Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 29.06.2020 № 351-VI (effective from 01.07.2021); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 3-2. Measures of early response

1. For the protection of rights and interests of investors on securities market and securing financial sustainability of an organization, carrying out brokerage and (or) dealer activity on securities market and (or) activity on managing of investment portfolio an authorized body shall carry out analyses of activity if specified organizations for identifying factors influencing to worsening of their financial situation provided for by regulatory legal act of an authorized body.

2. In case of revealing of factors specified in paragraph 1 of this article, as a result of analysis of financial situation of organizations carrying out brokerage and (or) dealer activity on securities market and (or) activity on managing an investment portfolio and (or) according to results of their inspection an authorized body shall direct to an organization, carrying out brokerage and (or) dealer activity on securities market and (or) activity on managing an investment portfolio a request in written form on presentation of plan of measures providing for measures of early response to improve financial sustainability of an organization performing brokerage and (or) dealer activity on securities market and (or) activity on managing an investment portfolio, preventing worsening of its financial situation and increasing of risks connected with execution of professional activity on securities market.

An organization engaged in the brokerage and (or) dealer activity in the securities market and (or) the investment portfolio management activity is obliged to develop and submit to the authorized body an action plan indicating the terms of execution of each item and responsible senior executives within five working days of receipt of the specified requirement.

Upon approval by an authorized body of plan of measures of organization, carrying out brokerage and (or) dealer activity on securities market and (or) activity on managing an investment portfolio, shall proceed to its implementation, and notify an authorized body on results of its performance in a specified by a plan period of time.

If the action plan is not approved, the authorized body shall apply supervisory response measures provided for by this Law to the organization engaged in the brokerage and (or) dealer activity in the securities market and (or) the investment portfolio management activity.

3. In case of failure to submit, within the time period established by paragraph 2 of this article, an action plan aimed at increasing the financial stability of an organization that carries out brokerage and (or) dealer activities in the securities market and (or) investment portfolio management activities, failure or untimely performance of the measures of this plan, the supervisory response measures provided for by this Law are applied to the organization that carries out brokerage and (or) dealer activities in the securities market and (or) investment portfolio management activities.

4. The procedure for approving an action plan for early response measures and methods for determining factors contributing to the deterioration of the financial situation of organizations engaged in the brokerage and (or) dealer activity in the securities market and (or) the investment portfolio management activity shall be established by the regulatory legal act of the authorized body.

5. The requirements of this article shall not apply to banks, branches of non-resident banks of the Republic of Kazakhstan and the National postal operator when they pursue brokerage and (or) dealer activities in the securities market.

Footnote. The Law is supplemented with Article 3-2 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Laws of the Republic of Kazakhstan dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (effective from 16.12.2020).

Article 3-3. Supervisory response measures

1. In order to protect legitimate interests of clients of professional participants in the securities market, investors in the securities market, to ensure the financial strength of professional participants in the securities market, to prevent the deterioration of their financial situation and the increase in risks associated with professional activity in the securities market, the authorized body applies supervisory response measures to professional participants in the securities market, major participants in investment portfolio managers, persons with the signs of a major participant in the investment portfolio manager, and also to senior executives of professional participants in the securities market.

2. Supervisory response measures shall be applied because of:

1) a violation of the legislation of the Republic of Kazakhstan regarding issues within the competence of the authorized body;

2) flaws and (or) risks in the professional activity in the securities market identified by the authorized body in the course of its control and supervision, also using a reasoned judgment,

which may result in a situation posing a threat to stable operation of professional participants in the securities market and (or) interests of clients of professional participants in the securities market and (or) investors in the securities market;

3) identification of illegal actions or inaction of senior executives that may pose a threat to stable operation of professional participants in the securities market and (or) interests of clients of professional participants in the securities market and (or) investors in the securities market;

4) sufficient data to recognize the actions (inaction) of a senior executive (senior executives) as not complying with the requirements of the legislation of the Republic of Kazakhstan concerning issues within the competence of the authorized body and (or) bearing evidence of damage caused to professional participants in the securities market, and (or) its clients and (or) investors in the securities market;

5) actions taken by a major participant in the investment portfolio manager, a person with the signs of a major participant in the investment portfolio manager, as a result of which damage was or may be caused to the investment portfolio manager;

6) unstable financial situation of a major participant in the investment portfolio manager, a person with the signs of a major participant in the investment portfolio manager;

7) a failure to implement supervisory response measures earlier applied in accordance with this Law;

8) failure to submit to the authorized body or the National Bank of the Republic of Kazakhstan or submission of false reports or information, as well as other information requested by the authorized body or the National Bank of the Republic of Kazakhstan;

9) hindering the conduct of an inspection by a professional participant in the securities market, a major participant in the investment portfolio manager, which resulted in a failure to conduct the inspection within the prescribed time frames;

10) a failure of a professional participant in the securities market, a major participant in the investment portfolio manager to eliminate flaws indicated in an audit report, which affect the financial situation of a professional participant in the securities market, within the time frames specified in paragraph 6 of Article 55-1 of this Law;

11) failure to submit to the authorized body within the established time limits the action plan provided for in paragraph 2 of Article 3-2 of this Law, disapproval of it by the authorized body, non-fulfillment or untimely fulfillment of the measures of this plan, failure to eliminate the factor (factors) affecting (affecting) the deterioration of the financial position of an organization engaged in brokerage and (or) dealer activities in the securities market and (or) investment portfolio management activities, within the time frames established by the action plan and (or) the authorized body.

3. When deciding on the appropriateness of applying supervisory response measures and choosing a supervisory response measure, it is necessary to take into account:

1) the level of risk, the nature of violations and (or) flaws and their effects;

- 2) the scale and significance of violations and (or) flaws and their effects;
- 3) consistent pattern and duration of violations and (or) flaws;
- 4) the impact of violations and (or) flaws on the financial situation;
- 5) whether the application of a chosen supervisory response measure can correct the situation;
- 6) whether earlier applied supervisory response measures are in place and effective (efficient);
- 7) the relevance of the applied supervisory response measure to the grounds for its application;
- 8) reasons that triggered identified violations, and (or) flaws and (or) risks;
- 9) independent actions taken by a professional participant in the securities market, a major participant in the investment portfolio manager aimed at eliminating violations and (or) flaws identified in their activities, the effectiveness, within this context, of implementation (non-implementation) of specific measures to implement the measures taken and (or) willingness to take such measures.

4. The authorized body shall apply such supervisory response measures as:

- 1) recommended supervisory response measures in accordance with Article 3-4 of this Law;
- 2) measures to improve the financial situation and (or) to minimize risks in accordance with Article 3-5 of this Law;
- 3) supervisory response enforcement measures in accordance with Article 72-3 of this Law.

5. The authorized body has the right to apply to a professional participant in the securities market, a major participant in the investment portfolio manager, a person who has the characteristics of a major participant in the investment portfolio manager, any of the supervisory response measures specified in paragraph 4 of this article, regardless of the supervisory response measures earlier applied thereto.

6. The procedure for applying supervisory response measures is established by the regulatory legal act of the authorized body.

Footnote. The Law is supplemented with Article 3-3 in accordance with Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 3-4. Recommended supervisory response measures

1. The authorized body applies recommended supervisory response measures in cases where flaws, risks or violations revealed in the activity of a professional participant in the securities market, a major participant in the investment portfolio manager, a person who has the characteristics of a major participant in the investment portfolio manager, including using

a reasoned judgment, do not significantly affect the financial strength of a professional participant in the securities market, do not pose a threat to its financial situation.

2. Recommended supervisory response measures include:

1) a notification of identified flaws, risks or violations along with bringing this information (in case of necessity determined by the authorized body) to the attention of separate bodies of a professional participant in the securities market, a major participant in the investment portfolio manager, a person who has the characteristics of a major participant in the investment portfolio manager;

2) provision of recommendations of the authorized body to eliminate identified flaws, risks or violations;

3) a warning about possible application of other supervisory response measures in case of the authorized body's repeated identification of flaws, risks or violations, as well as non-compliance with recommended supervisory response measures.

3. A recommended supervisory response measure shall be executed as a letter from the authorized body.

Footnote. The Law is supplemented with Article 3-4 in accordance with Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 3-5. Measures to improve the financial situation and (or) to minimize risks

1. For the purposes of eliminating flaws, risks or violations, including those identified using a reasoned judgment, the authorized body applies measures to improve the financial situation and (or) to minimize risks of a professional participant in the securities market, a major participant in the investment portfolio manager, a person who has the characteristics of a major participant in the investment portfolio manager, by demanding to:

1) maintain the capital adequacy ratio and (or) the liquidity ratio above the minimum values established by the authorized body;

1-1) eliminate the factor (factors) influencing (influencing) the deterioration of the financial position of an organization engaged in brokerage and (or) dealer activities in the securities market and (or) investment portfolio management activities;

2) suspend and (or) limit certain types of operations, certain types of transactions or to establish a special procedure for their making;

3) reduce expenses, also through termination or limitation of hiring of additional employees, limitation of monetary rewards and other types of material incentives for senior executives;

4) suspend and (or) limit investments in certain types of assets, and (or) to reduce their volume or to establish a special procedure for their making;

5) eliminate the reasons and (or) conditions that triggered the violation of the requirements of the legislation of the Republic of Kazakhstan on issues within the

competence of the authorized body, the rights and legitimate interests of clients of a professional participant in the securities market and (or) investors in the securities market;

6) create provisions (reserves) in accordance with international financial reporting standards;

7) limit the number of transactions with an affiliate;

8) stop the accrual and (or) payment of dividends on ordinary and (or) preferred shares;

9) revise internal policies and procedures, tolerable risk limits, procedures for evaluating the effectiveness of the risk management system and internal control;

10) suspend persons, specified in Article 54 of this Law, from the discharge of their official duties, also in the event of suspension by a professional participant in the securities market of persons, specified in Article 54 of this Law, from the discharge of their official duties until the authorized body takes this supervisory response measure. When this supervisory response measure is applied to a senior executive, the authorized body withdraws its consent to his/her appointment (election) to an executive position;

11) suspend members of the investment committee of a professional participant in the securities market from performing their duties in the investment committee or to change the composition of the investment committee;

12) fulfillment by an organization pursuing brokerage and (or) dealer activities (with the exception of a bank, a branch of a non-resident bank of the Republic of Kazakhstan), of obligations under transactions concluded at its own expense and at the expense of its customers;

13) assess the value of property belonging to a major participant in the investment portfolio manager;

14) ensure compliance of their activity with the legislation of the Republic of Kazakhstan.

2. The measures, provided for in paragraph 1 of this article, shall be applied in the form of a written order or a written agreement.

3. A written order is an instruction to a professional participant in the securities market, a major participant in the investment portfolio manager, a person who has the characteristics of a major participant in the investment portfolio manager, to take mandatory remedial actions established by paragraph 1 of this Article, and (or) obligating to submit an action plan for their execution within the prescribed time frames (hereinafter referred to as the action plan).

The action plan shall indicate the description of flaws, risks or violations, reasons that led to their occurrence, a list of planned events, the timing of their implementation, and also responsible officials.

4. A written agreement is an agreement concluded in writing between the authorized body and a professional participant in the securities market, a major participant in the investment portfolio manager and (or) a person who has the characteristics of a major participant in the investment portfolio manager on the implementation of measures established by paragraph 1 of this article, indicating the time frames for eliminating the identified flaws, risks or

violations and (or) the list of restrictions that these persons assume until the identified flaws, risks or violations are eliminated.

Written agreement is subject to mandatory signing by a professional participant in the securities market, a major participant in the investment portfolio manager and (or) a person who has the characteristics of a major participant in the investment portfolio manager.

5. A professional participant in the securities market and (or) a major participant in the investment portfolio manager, and (or) a person who has the characteristics of a major participant in the investment portfolio manager, are obliged to notify the authorized body of implementation of the measures specified in the written order and written agreement within the time frames specified in these documents.

6. If it is not possible to eliminate a violation within the time frames specified in a written order and (or) action plan, written agreement for reasons beyond the control of a professional participant in the securities market, a major participant in the investment portfolio manager, a person who has the characteristics of a major participant in the investment portfolio manager, the deadline for the execution of the written order and (or) action plan, written agreement may be extended until a date established by the authorized body.

Footnote. The Law is supplemented with Article 3-5 in accordance with Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 16.12.2020); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 3-6. Sanctions

1. The authorized body has the right to apply to a professional participant in the securities market, regardless of the measures of supervisory response previously applied to him, sanctions in the form of suspension or deprivation of a license to conduct all or certain types of activities in the securities market on the grounds established by Article 51 of this Law.

2. The decision to suspend or revoke the license of a professional participant in the securities market to conduct all or certain types of activities in the securities market shall enter into force on the date of its adoption.

The license is considered suspended from the date of making a professional participant in the securities market aware of such a decision.

3. Information about the decision to suspend or revoke the license shall be published in Kazakh and Russian on the website of the authorized body.

4. The decision to revoke the license to conduct all or certain types of activities in the securities market may be appealed on behalf of a professional participant in the securities market only by its shareholders.

The decision to revoke a license for all or certain types of activities in the securities market may be appealed on behalf of a professional securities trader, which is a branch of a

non-resident bank of the Republic of Kazakhstan, only by a non-resident bank of the Republic of Kazakhstan.

Footnote. The Law is supplemented with Article 3-6 in accordance with Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 16.12.2020); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 4. Objects of securities market

1. Objects of securities market of the Republic of Kazakhstan shall be:

1) non-governmental issuance securities of organizations - residents of the Republic of Kazakhstan, the issue of that has been registered by an authorized body according to the procedure provided for by the this Law and other legislation of the Republic of Kazakhstan;

2) non-governmental issuance securities of organizations - non-residents of the Republic of Kazakhstan, the issue of that has been registered by an authorized body or admitted to circulation on organized securities market of the Republic of Kazakhstan;

3) non-governmental issuance securities of organizations-residents of the Republic of Kazakhstan, the issue of that has been registered in accordance with the legislation of a foreign state and admitted to circulation on organized securities market of the Republic of Kazakhstan according to the procedure provided for by a regulatory legal act of an authorized body;

4) issuance securities of international financial organizations, the issue of that has been registered by an authorized body or admitted to circulation on organized securities market of the Republic of Kazakhstan according to the procedure provided for by a regulatory legal act of an authorized body;

5) governmental issuance securities;

5-1) foreign government issuance securities;

5-2) securities, the issue of which is registered in accordance with the acts of the Astana International Financial Center;

6) derivative securities and other financial instruments.

2. Types of issuance securities shall be determined in accordance with the Civil Code, this Law and other legislation of the Republic of Kazakhstan.

Footnote. Article 4 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 19.02.2007 № 230 (the order of the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 5. Subjects of securities market

1. The securities market entities are individual and institutional investors, issuers, professional participants in the securities market, auction organizers and professional organizations.

1-1. Professional participants in the securities market have the right to collect copies of identification documents of non-residents for the purposes provided for by this Law.

2. Individual investors shall make investments in issuance securities and other financial instruments by themselves or using services of professional participants of securities market, possessing a license for brokerage and dealer activity or activity on managing an investment portfolio.

3. Institutional investors shall make investments using services of professional participants of securities market, possessing licenses for realization of activity on management of investment portfolio, except for the cases provided for by Laws of the Republic of Kazakhstan.

4. Is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

Footnote. Article 5 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 20.11.2008 № 88-IV (the order of the entry into force see Article 2); dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.12.2023 № 44-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).

Article 5-1. Qualified investors

1. Qualified investors shall be individuals recognized as qualified investors, according to the procedure, set forth by this Article.

1-1. the procedure and conditions for recognition by organizations engaged in the brokerage and (or) dealer activity in the securities market, individuals recognized as qualified investors, as well as features of provision of services by organizations engaged in the brokerage and (or) dealer activity in the securities market to individuals, who are not qualified investors, shall be determined by the regulatory legal act of the authorized body.

2. Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

3. Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

4. A person that has applied to be recognized as a qualified investor shall be responsible for reliability of provided information about itself.

Recognition of a person as a qualified investor, on the basis of its provided false information shall not be a ground for invalidity of transactions made in his interests and at his expense.

5. A person can be recognized as a qualified investor in respect of one type or several types of securities and other financial instruments of the same type or several types of services intended to qualified investors.

6. A list of financial instruments permitted for acquisition only at the expense of funds of qualified investors shall be established by regulatory legal act of an authorized body.

Financial instruments allowed for acquiring only at the expense of qualified investors may be acquired for investors' money in the investment management of an organization engaged in the investment portfolio management without such investors being recognized as qualified investors.

7. A professional participant of securities market, specified in paragraph 1-1 of this Article, that carries out recognition as a qualified investor, shall be obliged to:

1) notify a qualified investor about the relation of types of securities and other financial instruments or services he has been recognized as a qualified investor;

2) demand from a person recognized as a qualified investor, confirmation in compliance with requirements, compliance to that is necessary for recognizing a person as a qualified investor, and constantly perform an inspection of compliance to the specified requirements;

3) keep a register of persons recognized by them as qualified investors.

8. Exception of a qualified investor from a register of qualified investors shall be carried out in case of its non-conformity with conditions of inclusion in a register of qualified investors.

Footnote. Chapter 1 is supplemented with Article 5-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Chapter 2. Government registration of an issue of issuance securities

Article 6. Government register of issuance securities

1. The state register of issuance securities shall be formed in the manner determined by the regulatory legal act of the authorized body based on information about registered issuance securities and their issuers entered by the authorized body, and databases of other central state bodies, as well as the State Corporation "Government for Citizens".

2. Issuance securities the issue of that has been cancelled or the information about that has not been entered to a government register of issuance securities cannot be an object of transactions on securities market.

Part one of this paragraph shall not apply to securities, the issue of which is registered in accordance with the laws of a foreign state or acts of the Astana International Financial Center in the territory of the Astana International Financial Center.

3. Excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Footnote. Article 6 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2004 № 577; № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 7. An issue of governmental issuance securities

1. Conditions and procedure of issue of governmental issuance securities, their placement, circulation and redemption shall be established by legislation of the Republic of Kazakhstan.

2. Is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Footnote. Article 7 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 8. Governmental registration of an issue of non-governmental issuance securities

1. State registration of the issue of non-government issuance securities is a set of measures related to the registration of the issue of securities, as well as the introduction of alterations and (or) additions to the conditions for the issue of securities carried out by the authorized body on the terms and according to the procedure established by this Law and the regulatory legal acts of the authorized body.

2. State registration of the issue of non-government issuance securities shall include:

1) consideration of the submitted documents for compliance with the legislation of the Republic of Kazakhstan;

2) entering information about the issuer and its securities, including information about the international identification number (ISIN code) assigned to a non-government issuance security by the central securities depository, into the State Register of issuance securities;

3) sending to the issuer during the state registration of the issue of non-government issuance securities in electronic form:

Certificate on the state registration of the issue of non-government issuance securities;

Conditions of the issue of securities;

4) sending to the issuer during state registration of alterations and (or) additions to the conditions for issuing securities in electronic form:

certificate on the state registration of the issue of non-government issuance securities (in case of an increase in the number of declared shares and (or) a change in their type, and (or) a change in the name and location of the issuer or a decrease in the number of declared bonds);

prospectus of issue subject to alterations and (or) additions.

2-1. Conditions and procedure for the state registration of issue of shares of unit investment funds shall be determined by certain legislative act of the Republic of Kazakhstan.

3. Documents on the issue of non-government issuance securities shall be considered by the authorized body within fifteen working days from the date of their submission for state registration, unless other terms are determined by this Law.

Documents for state registration of the issue of non-government issuance securities shall be submitted by the issuer to the authorized body in electronic form.

4. The issuer and its officials shall be liable for violating the requirements for state registration of the issue of non-government issue-grade securities under the laws of the Republic of Kazakhstan.

5. An authorized body shall not be entitled to refuse in state registration of an issue of non-governmental issuance securities based on motives of inexpediency.

Footnote. Article 8 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2004 № 577 (the order of the entry into force see Article 2); dated 08.07.2005 N 72 (enforcement Art.2); dated 23.10.2008 № 72-IV (the order of the entry into force see Article 2); № 166-VI as of 02.07.2018 (see the enforcement procedure in Article 2); dated 25.11.2019 № 272-VI (shall be enforced from 02.01.2020); dated 12.07.2022 № 138-VII (for the procedure of enactment see Art.2).

Article 9. Prospectus for the issue of non-government issue-grade securities

1. The prospectus for the issue of non-government issue-grade securities shall contain:

1) information about the issuer's name and location;

2) information about issue-grade securities, the methods of payment therefor and receipt of income therefrom;

3) conditions and procedure for the placement, circulation, redemption of issue-grade securities, as well as additional conditions for the redemption of bonds not established by Articles 15 and 18-4 of this Law, if any;

4) covenants (restrictions), if any (except for a share issue prospectus);

5) conditions, time frames and procedure for the conversion of issue-grade securities (when issuing convertible securities);

6) information about the property of a bond issuer, which is full or partial collateral for obligations on issued bonds with an indication of the value of this property (for secured bonds);

7) the intended use of money received from the placement of bonds;

8) information about the founders or large shareholders (participants) owning ten or more percent of the placed (except for redeemed by a joint-stock company) shares (participatory interests in the authorized capital) of the issuer;

9) information about the issuer's management and executive bodies (except for a share issue prospectus);

10) indicators of the issuer's financial-economic and business activities, indicating the issuer's main activities;

11) additional information about the issuer and issue-grade securities it places.

2. The issuer is obliged to submit to the authorized body alterations and (or) additions to the prospectus for the issue of non-government issue-grade securities in case of changes in the information specified in subparagraphs 1), 2), 3), 4), 5), 6) and 7) of paragraph 1 of this article, within thirty calendar days of their occurrence or a decision of relevant bodies of the issuer or bondholders.

3. The issuer alters information in the prospectus for the issue of non-government bonds specified in subparagraphs 2), 3), 4), 5), 6) and 7) of paragraph 1 of this article on the basis of a decision of the general meeting of bondholders, provided all of the following conditions are observed:

1) this decision was voted for by holders owning at least eighty-five percent of the total number of placed bonds (except for redeemed ones);

2) if there are at least two persons among bondholders who independently own more than ten percent of the bonds of this issue, except for bonds purchased by the issuer - seventy-five or more percent of the total number of such bondholders voted to change the terms of the issue.

The requirement of this paragraph does not apply to financial institutions or organizations being part of banking conglomerate as the parent organization and are not financial institutions, when they are restructured in cases provided for by the laws of the Republic of Kazakhstan.

4. The issuer has no right to make alterations and (or) additions to:

1) a share issue prospectus providing for a decrease in the number of placed shares;

2) a prospectus for the issue of non-government bonds providing for an increase in the number of announced bonds.

5. Additional requirements for a prospectus for the issue of bonds issued by a special finance company in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization are established by the legislation of the Republic of Kazakhstan on project financing and securitization.

6. The prospectus for the issue of Islamic securities is subject to approval by the Board on the Islamic finance principles.

The issuer has no right to change conditions for the placement, circulation and redemption of Islamic securities established by the prospectus for the issue of Islamic securities in cases that violate the rights and interests of the holders of Islamic securities.

7. The rules for preparation and execution of the prospectus for the issue of non-government issue-grade securities (the bond program prospectus), alterations and (or) additions to the prospectus for the issue of non-government issue-grade securities (the bond program prospectus) are established by the regulatory legal act of the authorized body.

8. The prospectus for the issue of non-government issue-grade securities (the bond program prospectus) shall be submitted to the authorized body in Kazakh and Russian. In case of the issue of non-government issue-grade securities denominated in foreign currency,

the prospectus for the issue of non-government issue-grade securities shall be additionally submitted to the authorized body in English.

9. The requirements of this article shall not apply to bonds with a maturity of not more than twelve months, non-government bonds subject to private placement.

Footnote. Article 9 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Article 10. Refusal of state registration of the issue of non-government issuance securities

Footnote. Title of Article 10 as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced from c 01.07.2023).

1. The authorized body has the right to refuse state registration of the issue of non-government issuance securities in case of violation by the issuer of the conditions and procedure for submitting documents for state registration of the issue and revealing in the process of consideration of documents their non-compliance with the requirements established by the legislation of the Republic of Kazakhstan.

2. Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced from c 01.07.2023).

3. The issuer has the right to appeal against the decision of the authorized body to refuse state registration of the issue of issuance securities in accordance with the procedure established by the laws of the Republic of Kazakhstan.

Footnote. Article 10 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2004 № 577, dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.06.2020 № 351-VI (effective from 01.07.2021); dated 12.07.2022 № 138-VII (shall be enforced from c 01.07.2023).

Article 11. State registration of the issue of the declared shares

Footnote. The heading of Article 11 as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced from c 01.07.2023).

1. The decision on the issue of authorized shares shall be adopted by the constituent meeting (sole founder) or the general meeting of shareholders (the shareholder owning all voting shares) of a joint-stock company.

The joint-stock company is obliged to submit documents for state registration of the issue of authorized shares within one calendar month of:

- 1) state registration of a joint-stock company as a legal entity;
- 2) adoption of a decision by the general meeting of shareholders (decision of the sole shareholder) on the issue of authorized shares in the event that the issue of shares was earlier canceled on the basis of a court decision on recognizing the issue of authorized shares as invalid.

2. The authorized body has no right to carry out state registration of the issue of authorized shares one year after the date of registration of the joint-stock company as a legal entity or after the date of cancellation of the issue of shares of the company on the basis of a court decision on recognizing the state registration of the issue of authorized shares as invalid.

3. If the state registration of the issue of shares of the joint-stock company is not carried out within one year of the date specified in paragraph 1 of this article:

1) the joint-stock company is obliged to carry out voluntary liquidation or to reorganize itself into another organizational legal form;

2) the authorized body may apply to court for the purpose of liquidation or reorganization of the joint-stock company.

4. State registration of the issue of declared shares shall be carried out on the basis of the following documents submitted by the joint-stock company to the authorized body in electronic form:

1) an application drawn up in any form, with consent to the use of information constituting a legally protected secret contained in information systems, certified by an electronic digital signature of an authorized person of the joint-stock company;

2) copies of the minutes of the constituent meeting (decision of the sole founder) or the general meeting of shareholders (decision of the shareholder owning all voting shares) on the issue of declared shares in the case established by subparagraph 2) of part two of paragraph 1 of this Article;

3) copies of the court decision on declaring the issue of authorized shares invalid in the case established by subparagraph 2) of part two of paragraph 1 of this Article;

4) the share issue prospectus;

5) documents confirming the payment for the declared shares, placed among the founders of the joint-stock company.

5. If the submitted documents comply with the requirements of the legislation of the Republic of Kazakhstan, the authorized body shall carry out state registration of the issue of declared shares and shall send to the joint-stock company in electronic form a certificate of state registration of the issue of declared shares and a prospectus for the issue of shares.

6. For state registration of alterations and (or) additions to the share issue prospectus, the joint-stock company shall submit to the authorized body the following documents in electronic form:

1) an application drawn up in any form, with consent to the use of information constituting a legally protected secret contained in information systems, certified by an electronic digital signature of an authorized person of a joint-stock company;

2) share issue prospectus subject to alterations and (or) additions;

3) a copy of the decision (minutes) or an extract from the minutes of the meeting of the body of the joint-stock company, on the basis of which alterations and (or) additions were made to the prospectus for issuing shares of the joint-stock company;

4) a copy of the court decision on the forced issue of declared shares of a joint-stock company with state participation in the authorized capital (in the absence of declared shares of a joint-stock company or their insufficiency to pay off overdue tax debts) in cases established by Article 32 of the Law of the Republic of Kazakhstan "On Joint Stock Companies".

7. If the submitted documents for state registration of changes and (or) additions to the share issue prospectus comply with the requirements of the legislation of the Republic of Kazakhstan, the authorized body shall send to the joint-stock company in electronic form:

1) certificate of state registration of the issue of declared shares (in case of an increase in the number of declared shares and (or) a change in their type, and (or) a change in the name, and (or) a change in the location of the joint-stock company);

2) a prospectus subject to alterations and (or) additions.

8. In case of refusal of state registration of the issue of declared shares, the joint-stock company repeatedly submits the documents specified in paragraphs 4 and 6 of this Article within forty-five working days from the date of receipt of the refusal, in this case the period for consideration of documents by the authorized body shall be re-calculated anew.

9. The procedure for state registration of an issue of declared shares, as well as the requirements for documents for state registration of an issue of declared shares shall be determined by the regulatory legal act of the authorized body.

Footnote. Article 11 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 25.11.2019 № 272-VI (shall be enforced from 02.01.2020); dated 12.07.2022 № 138-VII (shall be enforced from c 01.07.2023).

Article 12. State registration by the authorized body of the issue of non-government bonds (bond program)

Footnote. The heading of Article 12 as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced from c 01.07.2023).

1. For state registration of the issue of non-government bonds (bond program), the issuer shall be obliged to submit the following documents to the authorized body in electronic form:

1) an application drawn up in any form with consent to the use of information constituting a legally protected secret contained in information systems, certified by an electronic digital signature of an authorized person of the issuer;

2) a copy of the decision of the issuer's body on the issue of non-government bonds containing information on the procedure for issuing, placing, circulating and redeeming bonds, using the funds received by the issuer as a result of the bonds' placement, issue volume, number and type of bonds, face value of bonds, rights of bondholders, or a copy of the decision of the issuer's body on the issue of the bond program containing information on the volume of the bond program issue;

3) the prospectus for the issue of non-government bonds (the bond program prospectus);

- 4) a copy of the issuer's charter (if any);
- 5) in case of the issue of secured bonds, documents confirming the availability of security for the performance of the issuer's obligations;
- 6) Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication);
- 7) a copy of the contract concluded with the bondholders' representative (if the obligation to conclude a contract with the bondholders' representative is provided for by the requirements of this Law and (or) its conclusion is initiated by the issuer);
- 8) excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication);
- 9) the procedure for distributing the issuer's income among its participants for issuers with the organizational legal form of a limited liability partnership;
- 10) copies of the issuer's annual financial statements (consolidated financial statements if the issuer has subsidiaries) for the last two financial years, confirmed by audit reports, as well as copies of audit reports (except for newly created issuers);
- 11) a copy of the issuer's financial statements as of the end of the last quarter before submitting documents for state registration of the issue of non-government issue-grade securities or as of the end of the penultimate quarter in case of submitting documents for state registration of the issue of non-government issue-grade securities before the 25th day of a month following the last quarter before submission.

In the absence of an audit report of financial statements for the completed financial year from January 1 through June 1 of a current year, the issuer submits to the authorized body its financial statements for two years preceding the last completed year and the audit report of the financial statements for the specified period. The audit report and financial statements for the completed financial year are submitted by the issuer within a month of the date of approval of the annual financial statements in the manner prescribed by the legislation of the Republic of Kazakhstan.

2. For state registration of an issue of non-government bonds (bond program), an issuer - non-resident of the Republic of Kazakhstan shall be obliged to submit the following additional documents to the authorized body in electronic form:

- 1) a copy of a document confirming the registration of a non-resident issuer of the Republic of Kazakhstan as a legal entity in accordance with the legislation of the state of location of the non-resident issuer of the Republic of Kazakhstan, together with their notarized Kazakh and Russian translations;
- 2) copies of constituent documents of a non-resident issuer of the Republic of Kazakhstan together with their notarized Kazakh and Russian translations;
- 3) a letter from the authorized body for regulation, control and supervision of the financial market of a foreign state about compliance by the non-resident issuer of the Republic of Kazakhstan with prudential standards and other norms and limits established by the

non-resident's authorized body three months before the date of application for state registration of the bond issue (bond program) (if the non-resident issuer of the Republic of Kazakhstan is a financial institution).

3. The issuer has the right to submit documents for state registration of the issue of non-government bonds (bond program) only after the payment for the authorized capital by its founders (sole founder).

4. Mutual insurance companies are not entitled to issue non-government bonds.

5. If the submitted documents comply with the requirements of the legislation of the Republic of Kazakhstan, the authorized body shall carry out state registration of the issue of non-government bonds (bond program) and shall send to the issuer in electronic form a certificate of state registration of the issue of non-government bonds (bond program) and a bond issue prospectus (bond program prospectus).

6. For state registration of changes and (or) additions to the prospectus for the issue of non-government bonds (prospectus of the bond program), the issuer shall submit the following documents to the authorized body in electronic form:

1) an application drawn up in any form with consent to the use of information constituting a legally protected secret contained in information systems, certified by an electronic digital signature of an authorized person of the issuer;

2) bond issue prospectus (bond program prospectus) subject to alterations and (or) additions in electronic form;

3) a copy of the decision (minutes) or an extract from the minutes of the meeting of the issuer's body, on the basis of which changes and (or) additions were made to the bond issue prospectus (bond program prospectus).

7. If the documents submitted for state registration of alterations and (or) additions to the bond issue prospectus (bond program prospectus) comply with the requirements of the legislation of the Republic of Kazakhstan, the authorized body shall send to the issuer in electronic form:

1) certificate of state registration of the issue of non-government bonds (bond program) (in case of a decrease in the number of non-government bonds and (or) a change in their type, circulation period, and (or) a change in the name, and (or) a change in the location of the issuer);

2) prospectus for the issue of non-government bonds (prospectus of the bond program), subject to changes and (or) additions.

8. The documents specified in subparagraphs 4), 10) and 11) of paragraph 1 of this article shall not be submitted by the issuer to the authorized body if these documents were posted on the website of the financial reporting depository before the date of submission of documents for state registration of the issue of non-government bonds (bond program) or alterations and (or) additions to the prospectus for the issue of non-government bonds (bond program).

9. The procedure for state registration of an issue of non-government bonds (bond program), as well as the requirements for documents for state registration of an issue of non-government bonds (bond program) shall be determined by the regulatory legal act of the authorized body.

10. The requirements of this article shall not apply to bonds with a maturity of not more than twelve months, non-government bonds subject to private placement.

Footnote. Article 12 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication); dated 12.07.2022 № 138-VII (for the procedure of enactment see Art.2).

Article 12-1. Issue of non-government bonds subject to private placement

1. An issue of non-government bonds subject to private placement, for the purposes of this Law, is recognized as the issue of bonds placed among a limited number of investors.

2. The conditions for issuing non-government bonds subject to private placement shall be determined by a private memorandum, the requirements for the content of which is established by the regulatory legal act of the authorized body.

3. The number of investors participating in the placement of these bonds shall not exceed fifty.

4. It is prohibited to place non-government bonds subject to private placement among investors who are not qualified investors.

5. The procedure, conditions and terms for state registration of an issue of non-government bonds subject to private placement, registration of changes and (or) additions to a private memorandum, as well as requirements for documents for state registration of an issue of non-government bonds subject to private placement, registration of changes and (or) additions to the private memorandum shall be established by the regulatory legal act of the authorized body.

6. It is allowed to include non-government bonds subject to private placement in the official list of the stock exchange.

Footnote. The law has been supplemented by Article 12-1 in accordance with the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Article 12-2. Features of the issue of non-government bonds with no maturity

1. The issue of non-government bonds with no maturity shall be carried out by an issuer established in the organizational and legal form of a joint-stock company, subject to the following requirements:

1) as of the date of submission to the authorized body of documents for state registration of the issue of non-government bonds with no maturity, the issuer has been operating for at least five years;

2) Following the results of the last five years preceding the submission to the authorized body of documents for state registration of the issue of non-government bonds with no maturity, there are no cases of violation of the conditions provided for in Articles 15 and 18-4 of this Law.

2. Placement of non-government bonds with no maturity among investors, who are not the qualified investors shall be prohibited.

3. Non-government bonds with no maturity shall not be convertible into shares.

4. The decision to issue non-government bonds with no maturity and determination of the conditions for their issue shall be made by the general meeting of shareholders of the joint-stock company. This decision shall be made by a simple majority of votes from the total number of voting shares of the company.

5. The volume of issue of non-government bonds with no maturity may not exceed ten percent of the equity capital of the joint-stock company.

6. The holders of non-government bonds with no maturity may not demand the redemption of such bonds, including on the grounds provided for in Articles 15 and 18-4 of this Law.

Footnote. The Law is supplemented by Article 12-2 in accordance with the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 13. Features of state registration of the bond program and the issue of non-government bonds within the bond program

1. The authorized body shall carry out the state registration of the bond program within ten working days.

State registration of the first issue of non-government bonds within the bond program at the request of the issuer can be carried out simultaneously with state registration of this bond program, and these documents are subject to consideration by the authorized body within ten working days of their submission.

Documents submitted by the issuer to the authorized body for state registration of the issue of non-government bonds within the registered bond program are subject to consideration by the authorized body within five working days of their submission.

2. In addition to the grounds established by paragraph 1 of Article 10 of this Law, the authorized body has the right to refuse the issuer to carry out the state registration of the issue of non-government bonds within the bond program:

1) in case of delisting the issue of non-government bonds within this bond program, except for voluntary delisting at the issuer's initiative;

2) if, as a result of state registration of the issue of non-government bonds within the bond program, the total number of issues of non-government bonds in circulation exceeds the registered volume of such a bond program;

3) Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

This paragraph does not apply to a financial institution or an organization being part of a banking conglomerate as the parent organization and is not a financial institution, when it is restructured in cases provided for by the laws of the Republic of Kazakhstan.

3. The issuer has the right to issue non-government bonds of various structures within the bond program.

Footnote. Article 13 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Chapter 3. Specific conditions of an issue and circulation of debentures

Article 14. Issue of debentures within debenture program

Footnote. Article 14 is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 15. Terms of issue of non-government bonds

Footnote. The heading as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication).

1. The issuer is only entitled to issue bonds if, as of the date of submission of documents for state registration of the issue of non-government bonds to the authorized body, it has no cases of untimely fulfillment or non-fulfillment of the terms of issue of securities (except for shares) being in circulation (including obligations for the payment of interest or redemption of securities), and also of the delisting of securities (except for shares and voluntary delisting of bonds in case of bondholders' consent) being in circulation, and given the compliance by the issuer, except for the issuer of infrastructure bonds, of one of the following requirements:

1) on the date of submission of documents to an authorized body for a government registration of an issue of debentures, an issuer shall have a minimal required rating of one of the rating agencies in accordance with requirements provided for by a regulatory legal act of an authorized body;

2) according to the results of the last quarter prior to the submission of documents to an authorized body for a government registration of an issue of debentures, the amount of leverage of an issuer shall not exceed the amount specified in a regulatory legal act of an authorized body;

3) newly issued debentures shall be mortgage bonds.

The requirements of this paragraph shall not extend to:

- 1) national managing holding;
- 2) special financial company that is carrying out an issue of debentures in the framework of project finance transactions or securitization, upon condition of compliance by an originator or an executor, determined in accordance with the legislation of the Republic of Kazakhstan on project finance and securitization, that are the only founder (shareholder) of specified special financial company, the requirements maintained in this paragraph to issuers of debentures;
- 3) special financial company that implements an issue of debentures in the framework of project finance transactions in accordance with the legislation of the Republic of Kazakhstan on project finance and securitization, in that as a customer acts the state.

2. During the period of circulation of bonds, as established by the prospectus of an issue of specified debentures, an issuer must comply with the following conditions:

- 1) not to alienate any part of the assets of property of an issuer in the amount exceeding twenty-five percent of the total value of assets of an issuer at the date of alienation;
- 2) not to allow facts of discrepancy of obligations that are not related to an issue of debentures of an issuer by more than ten percent of the total value of assets of an issuer at the date of government registration of an issue of debentures;
- 3) not to make amendments to constitutive documents of an issuer, providing changes of the basic types of activities of an issuer;
- 4) not to change an organizational-legal form.

In case of violation by the issuer of the conditions stipulated by part one of this paragraph, the issuer shall be obliged, at the request of the bondholders, to redeem the bonds at a price corresponding to the face value of the bonds, taking into account the accumulated interest, except for cases when there is an agreement of the bondholders to change the conditions specified in subparagraphs 1), 3) and 4) parts one of this paragraph.

The requirement of subparagraph 4) of part one of this paragraph shall not apply to a microfinance organization when it is transformed from a business partnership into a joint-stock company.

3. The requirements of this paragraph shall not extend to:

- 1) organization upon conducting of its restructuring liabilities in cases provided for by the Laws of the Republic of Kazakhstan;
- 2) bank or organization carrying out certain types of banking operations.

Issuers specified in subparagraph 2) of the first part of this paragraph, shall be entitled to issue debentures on condition of compliance to the requirements provided for by a regulatory legal act of an authorized body.

4. The issuer is liable under the laws of the Republic of Kazakhstan for violating the terms of issue of non-government bonds.

5. The requirements of this article shall not apply to bonds with a maturity of not more than twelve months, non-government bonds subject to private placement.

Footnote. Article 15 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 12.01.2012 № 539-IV (shall be enforced upon expiry of ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (see the enforcement procedure in Article 2); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 16. Issue of non-government bonds with a circulation period of less than twelve months

1. Non-government bonds with a circulation period of less than twelve months may be placed and circulated only in the stock exchange trading system.

2. The procedure, conditions and terms for state registration of an issue of non-government bonds with a maturity of not more than twelve months, as well as the requirements for documents for state registration of an issue of non-government bonds with a maturity of not more than twelve months shall be established by the regulatory legal act of the authorized body.

Footnote. Article 16 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Article 17. Issue of convertible debentures

1. An issuer created in an organizational-legal form of a joint stock company shall be entitled to issue of convertible debentures. The possibility of an issue of convertible debentures must be provided for by a charter of a joint stock company.

2. Bonds are converted into shares of a joint-stock company in accordance with the conditions and procedure for converting bonds into the issuer's shares established by the prospectus for the issue of bonds and (or) banking legislation of the Republic of Kazakhstan.

Footnote. Article 17 as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 18. Issue of agential bonds

The conditions and procedure for the issue, circulation and redemption of agency bonds, a list of documents submitted by a financial agency and a legal entity redeeming mortgage loans from individuals not engaged in entrepreneurial activities, one hundred percent of

whose shares belong to the National Bank of the Republic of Kazakhstan, to the authorized body for the purpose of state registration of the issue of agency bonds, the procedure for state registration of the issue are established by the regulatory legal act of the authorized body.

Footnote. Article 18 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication).

Article 18-1. particularities of an issue, circulation and redemption of revenue-yielding bonds

1. The procedure for state registration of an issue of infrastructure bonds, registration of alterations and (or) additions to the prospectus for issuing infrastructure bonds, as well as the requirements for documents for state registration of an issue of infrastructure bonds, registration of alterations and (or) additions to the prospectus for issuing infrastructure bonds shall be established by the regulatory legal act of the authorized body уполномоченного органа.

2. Conversion of revenue-yielding bonds into shares of an issuer shall be prohibited.

3. During the term of circulation of infrastructure bonds, it is not allowed to change the terms of a public-private partnership agreement, including a concession agreement, which may entail the infringement of the bondholders' rights and interests, or it may be allowed with the consent of all holders of infrastructure bonds or their representatives.

Footnote. Is supplemented with Article 18-1 in accordance with the Law of the Republic of Kazakhstan dated 21.04.2005 № 46; as amended by the Laws of the Republic of Kazakhstan dated 04.12.2008 № 97-IV (the order of the entry into force see Article 2); № 380 -V as of 31.10.2015 (shall be enforced ten calendar days after its first official publication); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 18-2. General meeting of bondholders

1. In order to make a decision by the issuer on changing the terms of the bond issue, provided for in subparagraphs 2), 3), 4), 5), 6) and 7) of paragraph 1 of Article 9 and part two of paragraph 2 of Article 15 of this Law, general meeting of the bondholders shall be held.

2. The list of bondholders entitled to participate in the general meeting of bondholders and to vote shall be made by the central securities depository on the basis of the system of registers of securities holders, three working days before the bondholders' general meeting.

If, after making a list of bondholders entitled to participate in the bondholders' general meeting and to vote there, a person included in this list alienates its bonds, the right to participate in the bondholders' general meeting shall be transferred to the new bondholder. At the same time, in order to participate in the bondholders' general meeting, the indicated person shall submit documents, confirming its ownership of the bonds, to the issuer.

3. The issuer shall post the information about holding a general meeting of bondholders in the Kazakh and Russian languages on the Internet resource of the depository of financial

statements and on the Internet resource of the stock exchange (if these bonds are included in the official list of the stock exchange) at least ten working days before dates of the general meeting of bondholders.

4. Procedure of conducting of general meetings of bondholders shall be established by internal documents of an issuer that are approved by the management body of an Issuer.

Voting at a general meeting of the bondholders shall be carried out on the principle of one bond - one vote".

The bondholders' general meeting makes a decision with account of the requirements established by paragraph 3 of Article 9 of this Law.

4-1. If all placed bonds belong to one holder, the general meeting of bondholders shall not be held. The decision on issues referred by this Law to the competence of the general meeting of bondholders shall be taken by such holder solely and shall be subject to written form.

5. The decision of the general meeting of bondholders (the sole holder) must be published in Kazakh and Russian on the Internet resource of the financial reporting depository within three working days after the date of its adoption. Within the specified period, the issuer shall also notify the authorized body, the central securities depository of the decision.

6. The placement and circulation of bonds are suspended for the period from the date of the general meeting of bondholders (the sole holder) on the issues of changing the information in the bond issue prospectus specified in subparagraphs 2), 3), 4), 5), 6) and 7) of paragraph 1 of Article 9 of this Law, until the date following the day of publication of the decision adopted by the general meeting of bondholders (bond holder) on the Internet resource of the financial reporting depository.

If bondholders make a decision to change the terms of the bond issue, provided for in subparagraphs 2), 3), 4), 5), 6) and 7) of paragraph 1 of Article 9 of this Law, the period of suspension of the bonds' placement and circulation is extended until the day following the date of state registration of alterations in the bond issue prospectus.

In the cases specified in parts one and two of this paragraph, the issuer shall notify the central securities depository and the stock exchange of the suspension of placement and circulation of bonds (if the bonds are in the official list of the stock exchange).

Footnote. The Law is supplemented with Article 18-2 in accordance with the Law of the Republic of Kazakhstan dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 18-3. Features of the issue of non-government bonds with the face value denominated in foreign currency

Footnote. The heading of Article 18-3 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

1. Issuers have the right to issue bonds in the territory of the Republic of Kazakhstan, the nominal value of which is denominated in foreign currency.

2. The procedure for state registration of the issue of non-government bonds with the face value denominated in foreign currency, registration of alterations and (or) additions to the prospectus for the issue of non-government bonds with the face value denominated in foreign currency, as well as requirements for documents for state registration of the issue of non-government bonds with the face value denominated in foreign currency, registration of alterations and (or) additions to the prospectus for the issue non-government bonds with the face value denominated in foreign currency, are established by the regulatory legal act of the authorized body.

Footnote. The Law is supplemented with Article 18-3 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 18-4. Redemption of placed non-government bonds

1. The issuer has the right to redeem placed non-government bonds in the secondary securities market.

2. The issuer is obliged to redeem placed non-government bonds in case of:

1) adoption of a decision on bonds' delisting by the issuer's body;

2) a decision made by the stock exchange on delisting the issuer's bonds due to non-compliance with special (listing) requirements for providing the stock exchange with pieces of information, the list of which is determined by the regulatory legal act of the authorized body and internal documents of the stock exchange;

3) the issuer's failure to conclude a contract with a representative of bondholders within a period exceeding sixty calendar days of annulment or termination of the contract with the previous bondholders' representative (if the obligation to conclude a contract with the bondholders' representative is provided for by the requirements of this Law and (or) its conclusion is initiated by the issuer).

The requirement established by part one of this paragraph does not apply to second-tier banks and insurance (reinsurance) companies in respect of non-government bonds (to be) issued by them, the terms of issue of which correspond to the conditions for classifying an unsecured obligation as subordinated debt in accordance with the laws of the Republic of Kazakhstan "On Banks and Banking Activities in the Republic of Kazakhstan" and "On Insurance Activity".

3. The prospectus for the issue of non-government bonds may establish additional covenants (restrictions) upon the occurrence of which the issuer is obliged to redeem the bonds placed by it.

4. In the cases, established by paragraphs 2 and 3 of this Article, the issuer is obliged to redeem the placed non-government bonds at the highest of the prices indicated below:

a price corresponding to the face value of non-government bonds inclusive of accumulated but not paid interest;

market price of non-government bonds, determined in accordance with the methodology for assessing financial instruments admitted to circulation in the trading system of the stock exchange (if such a price);

the price determined by the appraiser in accordance with the legislation of the Republic of Kazakhstan on appraisal activities (if the issuer's bonds are not traded on the organized securities market).

Footnote. The Law is supplemented with Article 18-4 in accordance with Law of the Republic of Kazakhstan № 524-IV as of 28.12.2011 (shall be enforced ten calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 19. Representative of bondholders

1. When issuing, placing, circulating and redeeming secured, infrastructure or mortgage bonds or bonds as part of a securitization transaction, the representation of interests of bondholders before the issuer shall be carried out by the representative of the bondholders (hereinafter referred to as the representative).

The choice of a representative of an issuer shall independently carry out from the number of professional participants of securities market engaged in custody and (or) brokerage and dealer activities on securities market.

A representative must not be an affiliated person of an issuer.

2. The procedure for the representative's performance of his/her/its functions and duties, the requirements for the subject-matter of an agreement on representing the bondholders' interests concluded between the issuer and the representative, the procedure and reasons for early termination of the representative's powers, as well as the timing for submitting information to the authorized body in accordance with subparagraph 5) of paragraph 1 Articles 20 of this Law are established by the regulatory legal act of the authorized body.

3. The requirements of this article shall not apply to the issue, placement, circulation and redemption of bonds subject to private placement.

Footnote. Article 19 as amended by the Laws of the Republic of Kazakhstan dated 21.04.2005 № 46; dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 28.12.2011 № 524-IV (shall be enforced upon

expiry of ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 20. Functions and obligations of a representative

1. A representative shall carry out the following functions:

1) control over fulfillment of obligations by an issuer provided for by the prospectus for the issue of bonds or a private memorandum to bondholders;

1-1) control over the proper use by an issuer of the money received from the placement of bonds;

2) control over the condition of a property that is security for the performance of obligation of an issuer to the bondholders;

3) conclude a contract of pledge with an issuer in respect of a property that is security for the performance of obligations of an issuer to bondholders, excluding the property included in the allocated assets;

3-1) carry out monitoring of financial condition of an issuer and analyze its corporate events;

4) take measures aimed at protecting of rights and interests of bondholders, including by filing a lawsuit on behalf of the bondholders, in ownership of that there is fifty and more percent of placed (excluding repurchased) bonds of an issuer, on issues of failure to meet the obligations, provided for by the prospectus for the issue of bonds, or by a private memorandum;

4-1) manage the allocated assets of a special financial company (with the right to sell the allocated assets and levy execution on the pledged property and other collateral included in the allocated assets) in cases established by the Law of the Republic of Kazakhstan “On Project Financing and Securitization”;

5) at least once a quarter shall inform the bondholders and an authorized body about its activities in compliance with subparagraphs 1), 1-1), 2), 3), 3-1) and 4) of this paragraph and the outcomes of such actions.

1-1. A representative of holders of revenue-yielding bonds, along with the functions defined by paragraph 1 of this article, shall carry out a monitoring of timeliness and quality of project implementation, as well as its consistency with the conditions of issuance of revenue-yielding bonds.

2. For the purposes of protection of rights and interests of bondholders a representative shall be obliged to:

1) identify the circumstances that can lead to the violation of rights and interests of bondholders and notify them within three calendar days of the specified circumstances;

2) represent the interests of bondholders in legal relations, connected with formulation and registration of the right of pledge on property that is the security of performance of obligations of an issuer to the bondholders;

3) exercise control over the condition of a property that is security for the performance of obligations of an issuer to bondholders, according to the procedure provided for by legislative acts of the Republic of Kazakhstan;

4) exercise control over timely payment of emolument on debentures;

5) inform an authorized body and bondholders on condition of a property that is security for the performance of obligations of an issuer to bondholders;

6) notify an authorized body and bondholders on termination of his competence as a representative within three days from the date of termination of an agreement with an issuer;

7) submit to an authorized body and bondholders, at their request, information and documents related to his activities as a representative;

8) not to disclose information constituting commercial and other secrets protected by the Law;

9) realise mortgaged property in accordance with the legislation of the Republic of Kazakhstan in case of default by an issuer of its obligations before bondholders.

2-1. Representative for the purposes of protection of rights and interests of bondholders shall be entitled to apply for:

1) an issuer with the requirement of fulfillment of his obligations provided for by the prospectus of an issue of bonds to bondholders;

2) an authorized body and other state bodies of the Republic of Kazakhstan;

3) a court.

2-2. for the purposes of implementation of functions specified in paragraph 1 of this article, a representative shall be entitled to request and receive information about a list of bondholders.

An issuer shall be obliged to according to the procedure and on conditions, stipulated by a regulatory legal act of an authorized body and a contract with a representative, to provide to representative requested by him information for implementation of functions specified in paragraph 1 of this article.

3. The procedure and time frames for the representative to perform the functions and duties specified in paragraphs 1 and 2 of this article shall be established by the regulatory legal act of the authorized body.

4.A representative shall be obliged to publish on its internet site information about the results of their actions in accordance with subparagraphs 1), 1-1), 2), 3), 3-1) and 4) of paragraph 1 of this article, as well as information provided by an issuer in accordance with an agreement concluded between an issuer and representative.

Footnote. Article 20 as amended by the Laws of the Republic of Kazakhstan dated 21.04.2005 № 46; dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar

days after its first official publication); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Chapter 3-1. Features of the issue of non-government sustainable development bonds and non-government bonds related to sustainable development

Footnote. The Law as amended with Chapter 3-1 in accordance with the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 20-1. Non-government sustainable development bonds and non-government bonds related to sustainable development

1. Non-government sustainable development bonds include:

- 1) “green” bonds;
- 2) social bonds;
- 3) sustainable development bonds.

2. The conditions and procedure for issuing non-government bonds of sustainable development and non-government bonds related to sustainable development shall be determined by the regulatory legal act of the authorized body.

3. The funds received as a result of the issue and placement of "green" bonds should be applied exclusively to financing (refinancing) projects in the field of:

- 1) renewable energy;
- 2) energy efficiency (improving the energy efficiency of existing and being under construction industrial facilities, buildings, structures, installations);
- 3) prevention and control of environmental pollution;
- 4) sustainable use of water and waste (water conservation, waste and wastewater, conservation and restoration of water resources);
- 5) sustainable agriculture and forestry, land use, conservation of biological diversity;
- 6) ecological tourism;
- 7) environmentally friendly transport (including low-carbon vehicles, clean transport infrastructure);
- 8) adaptation to climate change (increasing the resilience of infrastructure to the effects of climate change, systems for monitoring climate change and early warning of such changes);
- 9) other projects corresponding to the classification (taxonomy) of “green” projects to be financed through “green” bonds, approved by the environmental protection authority, and (or) classifications provided for by internationally recognized standards in sustainable development area, including, but not limited to the green bond standard of the International Capital Market Association.

4. Funds received as a result of the issue and placement of social bonds should be directed exclusively to financing (refinancing) projects in the area of:

1) creating accessible infrastructure (providing the population with clean drinking water, wastewater treatment, improving sanitation, transport, energy);

2) ensuring access to health care, education, including vocational training, financing and financial services;

3) construction of affordable housing;

4) assistance to the population, programs to combat unemployment;

5) food security (including in the field of increasing the productivity of agricultural producers);

6) creation and development of favorable socio-economic conditions (equal access to assets, services, resources and control over them, equal access to the market and participation in society, including reduction of income inequality, support programs for people with disabilities, women's entrepreneurship, projects in the field of gender equality);

7) other social projects defined by internationally recognized standards in the field of sustainable development, including, but not limited to, the standard of social bonds of the International Capital Market Association.

5. The funds received as a result of the issue and placement of sustainable development bonds should be applied exclusively to financing (refinancing) a combination of "green" and social projects established by paragraphs 3 and 4 of this Article.

6. When issuing non-government bonds related to sustainable development, the issuer undertakes to improve specific results of activities in the field of sustainability in a predetermined period in the future.

The specified results of the issuer's activities in the field of sustainable development must be expressed in the form of measurable key performance indicators that can be quantified, benchmarked and externally evaluated.

Depending on the results of the issuer's achievement of key performance indicators, the financial and (or) structural characteristics of non-government bonds related to sustainable development vary, including, but not limited to, the characteristics provided for subparagraphs 2), 3), 4), 5) and 6) of paragraph 1 of Article 9 of this Law.

Key performance indicators of the issuer's activities in the field of sustainable development, as well as financial and (or) structural characteristics of bonds related to sustainable development, which come into effect if they are achieved by the issuer, shall be subject to indication within the terms of the issue of these bonds and (or) the framework program for issue of bonds.

Footnote. Article 20-1 as amended by the Law of the Republic of Kazakhstan dated 19.04.2023 № 223-VII (shall be enforced ten calendar days after the date of its first official publication).

Article 20-2. External evaluation (verification)

1. Issuers shall seek an independent expert for an external evaluation prior to issuing bonds to ensure that the Green, Social, Sustainability and Sustainability Bonds and the Bond Framework are in line with the core principles of internationally recognized sustainability standards.

2. After the issue and placement of "green" and (or) social bonds, and (or) bonds of sustainable development, and (or) bonds related to sustainable development, issuers involve an external audit organization or other organizations, determined by the regulatory legal act of the authorized body, to perform assessment and analysis regarding the use and distribution of incoming income and funds from the placement of these bonds and their compliance with the goals declared by the framework program for issuing bonds and (or) the conditions for issuing bonds (verification).

3. Information on the results of an independent external assessment and (or) verification of the issue of "green", social bonds, bonds of sustainable development and bonds related to sustainable development shall be subject to disclosure on the issuer's Internet resource within ten business days after receiving the result of an independent external assessment and (or) verification.

The issuer shall disclose on its Internet resource information on the results of the use by the issuer of funds received from the placement of bonds specified in part one of this paragraph, as well as the results of achieving the stated goals in the field of sustainable development.

Chapter 4. Placement of issuance securities

Article 21. The rights of investors on acquisition of information on issue of issuance securities

1. Upon placement of issuance securities of an issuer (underwriter, underwriting consortium) shall be obliged on first demand of an investor to bring him for examination a prospectus of an issue of issuance securities or its copy.

2. An issuer (underwriter, underwriting consortium) shall be entitled to charge from an investor a fee for providing copies of the prospectus of an issue of issuance securities in the amount not exceeding the amount of expenses for its manufacture.

3. An investor shall be entitled to apply for an authorized body with a request to verify the conformity of copies of prospectus of an issue of issuance securities that are in authorized body, submitting to an authorized body for these purposes, of specified copy.

Article 22. The procedure of placement of non-governmental issuance securities

1. Placement of non-governmental issuance securities shall be carried out taking into account restrictions provided for by this Law and other legislative acts of the Republic of Kazakhstan.

Note of RCLI!

The second paragraph of paragraph 1 is valid until 01.01.2016 in accordance with Article 114 of this Law.

An issuer, a controlling equity stake of that is directly or indirectly owned by a national managing holding, upon placement of shares on an organized securities market for the purposes realization of a decision of the Government of the Republic of Kazakhstan shall not be entitled to sell shares to foreign citizens and (or) legal entities, as well as to persons without citizenship.

An issuer (underwriter, underwriting consortium) shall be entitled to carry out a placement of issuance securities by means of an auction or subscription at the unorganized securities market.

Bonds, the prospectus of an issue of that has provided a circulation of these bonds on an organized market or on organized and unorganized markets, must be placed only on an organized market.

Placement of issuance securities on an organized securities market shall be carried out in accordance with the internal documents of a trade organizer.

2. An issuer shall be obliged within ten calendar days after the adoption by a relevant body of an issuer of a decision on placement of issuance securities among unlimited circle of investors to publish in mass media information on the state and Russian languages a notice on the placement of issuance securities.

A notice on placement of issuance securities must contain:

- 1) full name and location of an issuer;
- 2) the date of a government registration of an issue of issuance securities, their type and set of that subjected to placement;
 - 2-1) information on terms and procedure of enforcement of the right of shareholders to privileged purchase of shares;
 - 3) information about the department and officials of an issuer, name and location of the underwriter (underwriting consortium), through of that is possible to examine with the prospectus of an issue of issuance securities or other information about them;
 - 4) information about the price of placement of issuance securities and their payment.

3. Placement of issuance securities at the unorganized securities market shall be carried out by means of holding an auction or subscription on the basis of submitted by investors written applications to an issuer (underwriter, underwriting consortium). Conditions and procedure of holding auctions or subscription shall be determined by internal documents of an issuer and must contain the requirements for investors willing to purchase placed issuance securities.

4. (is excluded by the Law of the Republic of Kazakhstan dated 05.06.2006 № 146 (the order of the entry into force see Article 2));

5. An issuer (underwriter, underwriting consortium) upon placement of shares shall be prohibited:

1) to conclude (make) transactions, providing for a right or an obligation of an issuer to implement the buyback transaction of placed shares;

2) conclude agreements (acquire derivative security), the conditions of that (the conditions of an issue of that) provides for a right or an obligation of an issuer to redeem placed shares of an issuer.

An issuer (underwriter, underwriting consortium) shall be prohibited upon placing of debentures to provide for certain bondholders additional rights not provided for by prospectus of an issue of bonds.

6. The issuer (underwriter, issuing consortium) is obliged to submit to the central securities depository (nominee holder) an order to transfer acquired issue-grade securities to the investor's personal account in the system of registers of securities holders within two working days of the investor's fulfillment of the obligation to pay for securities, except for the securities' being paid for in the accounting system of the central securities depository on the "delivery versus payment" basis.

7. The issuer is liable under the laws of the Republic of Kazakhstan for violating the procedure for placement of non-government issue-grade securities.

Footnote. Article 22 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 05.06.2006 № 146 (the order of the entry into force see Article 2); dated 19.02.2007 № 230 (the order of the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.01.2012 № 538-IV (shall be enforced upon expiry of ten calendar days after its first official publication); № 166-VI as of 02.07.2018 (see the enforcement procedure in Article 2).

Article 22-1. Conditions and procedure of an issue and (or) placement of issuance securities in the territory of a foreign state, as well as notification on the results of placement of securities in the territory of a foreign state

1. An organization - resident of the Republic of Kazakhstan, simultaneously with the start of placement of issuance securities and (or) derivative securities, the underlying asset of which is these securities in the territory of a foreign state, must offer them for purchase through the organized securities market of the Republic of Kazakhstan and (or) stock exchange International Financial Center "Astana" on the same conditions of placement as in the territory of a foreign state, in the amount of at least twenty percent of the total volume planned for placement.

2. An organization-resident of the Republic of Kazakhstan that has carried out the placement of issuance securities and (or) derivative securities, the underlying asset of which is these securities in the territory of a foreign state, shall notify the authorized body of the results of the placement of these securities, taking into account the requirements of paragraph

1 of this articles in the form and time limits, determined by the regulatory legal act of the authorized body.

3. A person planning to sell securities of organizations - residents of the Republic of Kazakhstan in the secondary securities market by issuing and placing depository receipts or other securities, the underlying asset of which is the issuance securities of these organizations, shall notify the authorized body of the results of placement of these securities in the form and in the terms established by the regulatory legal act of the authorized body.

4. The rules for issuing depository receipts must contain the procedure for providing information about holders of depository receipts to the central securities depository and the authorized body in accordance with its regulatory legal act.

Footnote. Article 22-1 - as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced from c 01.06.2022).

Article 23. Payment of issuance securities

1. The procedure and peculiarities of payment of shares shall be established by legislation acts of the Republic of Kazakhstan.

2. Bonds shall be paid for only in cash, except for the cases of payment:

1) for bonds with rights of claim to bonds earlier placed by this issuer (minus bonds redeemed by the issuer), the circulation period of which has expired;

2) for bank bonds with government securities of the Republic of Kazakhstan in case of the authorized body's application of measures to regulate the bank classified as insolvent in the manner prescribed by the Law of the Republic of Kazakhstan "On Banks and Banking Activities in the Republic of Kazakhstan".

The issuer has no right to give an order to credit the bond to its purchaser's personal account in the system of registers of bondholders (accounting system of the nominee holder) until the full payment for the placed bond.

It is not allowed to pay for bonds with rights of claim to bonds earlier paid for with rights of claim.

2-1. Payment of Islamic securities shall be carried out only in money. Until full payment of placed Islamic securities an issuer shall not be entitled to give order on enlistment of specified Islamic securities to the personal account of its acquirer in the system of registers of holders of Islamic securities (accounting system of nominal holder).

3. Placement of bonds through subscription shall be carried out on conditions and in the procedure determined by the conditions of the bond issue.

4. The requirements of paragraphs 2 and 3 of this Article shall be applied to the financial organization, or organization, a member of banking conglomerate as a parental organization and that is not a financial organization, upon conducting by it of restructuring liabilities in cases provided for by the Laws of the Republic of Kazakhstan, taking into consideration particularities provided for by a restructuring plan.

Footnote. Article 23 as amended by the Laws of the Republic of Kazakhstan dated 19.02.2007 № 230 (the order of the entry into force see Article 2); dated 20.11.2008 № 88-IV (the order of the entry into force see Article 2); dated 12.02.2009 № 133-IV (the order of the entry into force see Article 2); dated 11.07.2009 № 185-IV (shall be enforced from 30.08.2009); dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 01.03.2011 № 414-IV (shall be enforced from 01.01.2010); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 24. Report on the results of placement of shares of a joint-stock company and report on the exchange of placed shares of a joint-stock company of one type for this joint-stock company's shares of another type

1. A joint-stock company is obliged to submit reports to the authorized body on the results of the placement of its shares as of the end of each reporting period for the placement of shares before the placement of all of its shares within forty-five calendar days of the end date of the reporting period for the placement of shares of the joint-stock company or after the placement of all of them.

The joint-stock company is obliged to submit to the authorized body a report on the results of the placement of its shares as of the end of a reporting period for the placement of shares in case of the underwriter's acquisition of the joint-stock company's shares using the method of firm commitments for the purpose of their further placement.

If there was no placement of shares of the joint-stock company within a reporting period, a report on the results of the placement of shares of the joint-stock company as of the end of the reporting period is not submitted to the authorized body.

2. The reporting period for the placement of shares is twelve consecutive calendar months

The start date of the first reporting period for the placement of shares of a joint-stock company is the date of state registration of the issue of the joint-stock company's authorized shares.

The start date of the next reporting period for the placement of shares of a joint-stock company is the date following the end date of the previous twelve-month reporting period.

The date of full placement of the joint-stock company's authorized shares is that of the last operation to write off the joint-stock company's authorized shares from the issuer's personal account for recording authorized issue-grade securities to personal accounts of registered persons in the system of registers of securities holders, after which there are no joint-stock company's authorized shares in this issuer's personal account.

3. For the purpose of consideration and approval of a report on the results of the placement of shares, the joint-stock company submits to the authorized body the following documents:

- 1) a cover letter drawn up in any form;
- 2) a report on the results of the placement of the joint-stock company's shares;
- 3) copies of documents confirming payment for the joint-stock company's shares;
- 4) unconsolidated financial statements prepared as of the end of the month in which the reporting period for the placement of shares ended, or the period in which all authorized shares of the joint-stock company were placed.

4. In case of exchange of placed shares of a joint-stock company of one type for this joint-stock company's shares of another type, the joint-stock company shall submit to the authorized body a report on the exchange of its placed shares of one type for its shares of another type within thirty calendar days of the date following such an exchange.

5. For the purpose of consideration and approval of a report on the exchange of placed shares of a joint-stock company of one type for this joint-stock company's shares of another type, the joint-stock company shall submit to the authorized body the following documents:

- 1) a cover letter drawn up in any form;
- 2) a report on the exchange of placed shares of a joint-stock company of one type for this joint-stock company's shares of another type;
- 3) a copy of the decision (minutes), on the basis of which the placed shares of a joint-stock company of one type were exchanged for this joint-stock company's shares of another type.

6. The authorized body shall consider a report on the results of the placement of shares of a joint-stock company or a report on the exchange of placed shares of a joint-stock company of one type for this joint-stock company's shares of another type within eight working days.

If submitted documents comply with the requirements of the legislation of the Republic of Kazakhstan, the authorized body approves a report on the results of the placement of shares of a joint-stock company or a report on the exchange of placed shares of a joint-stock company of one type for this joint-stock company's shares of another type.

7. If the documents specified in paragraphs 3, 4 and 5 of this article are found to be non-complying with the requirements established by the legislation of the Republic of Kazakhstan in the course of their consideration, the authorized body refuses to approve the report on the results of the placement of shares of the joint-stock company or the report on the exchange of placed shares of the joint-stock company companies of one type for this joint-stock company's shares of another type.

In case of refusal to approve the report on the results of the placement of shares of the joint-stock company or the report on the exchange of the placed shares of the joint-stock

company of one type for this joint-stock company's shares of another type, the joint-stock company is obliged to resubmit a revised report to the authorized body within thirty working days of the refusal's receipt.

8. The procedure for approval of a report on the results of the placement of shares of a joint-stock company, a report on the exchange of placed shares of a joint-stock company of one type for this joint-stock company's shares of another type, the requirements for documents for approval of a report on the results of the placement of shares of a joint-stock company, report on the exchange of placed shares of a joint-stock company of one type for this joint-stock company's shares of another type, as well as the rules for the preparation and execution of a report on the results of the placement of shares of the joint-stock company, a report on the exchange of the placed shares of a joint-stock company of one type for this joint-stock company's shares of another type shall be established by a regulatory legal act of the authorized body.

Footnote. Article 24 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 25. Suspension of placement of issuance securities

1. An authorized body shall be entitled to take a decision on suspension of placement of issuance securities in the following cases:

1) the issuer's failure to submit a report on the results of the placement of the joint-stock company's shares;

2) if in the process of consideration of an accounting of the results of placement of issuance securities shall be revealed a discrepancy of information specified in the report, the documents presented for a government registration of an issue of issuance securities;

3) violation of conditions of an issue, placement and redemption of issuance securities;

4) existence of facts of untimely fulfillment or non-fulfillment of obligations on payment of emolument or redemption of previously issued bonds.

2. The authorized body shall send a decision to suspend the placement of issue-grade securities to the issuer and the central securities depository.

The central securities depository is obliged to suspend the registration of transactions for the placement of issue-grade securities from the moment of receipt of the authorized body's decision to suspend the placement of these securities.

3. The issuer shall be obliged to take all actions that contribute to the elimination of the identified violations within the time period established by the authorized body. The resumption of the placement of emissive securities shall be carried out after the elimination of the identified violations on the basis of a written notification from the authorized body.

Not later than the next calendar day after the date of the decision to suspend the placement of emissive securities, the authorized body shall post on its Internet resource, as well as the Internet resource of the financial reporting depository in Kazakh and Russian languages, information on the suspension of the placement of emissive securities.

Footnote. Article 25 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 19.02.2007 № 230 (the order of the entry into force see Article 2); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 26. Keep investors informed of suspension of placement of issuance securities

1. The issuer informs investors of the suspension of placement of issue-grade securities by posting information in Kazakh and Russian on the website of the financial reporting depository.

2. Information of suspension of placement of issuance securities must contain:

- 1) full name and location of an issuer;
- 2) the date of government registration of issue of issuance securities;
- 3) information of decision of an authorized body on suspension of placement of issuance securities.

Footnote. Article 26 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 27. Invalidation of government registration of an issue of issuance securities

1. Government registration of an issue of issuance securities can be recognized as invalidated in a judicial proceeding.

2. Grounds for recognition of government registration of an issue of issuance securities as invalidated shall be:

- 1) violation by an issuer of the legislation of the Republic of Kazakhstan;
- 2) discovery of false information in the documents on the basis of that has been carried out government registration of an issuer as a legal entity;
- 3) discovery of false information in the documents on the basis of that has been made government registration of an issue of issuance securities.

3. Recognition by a court of government registration of an issue of issuance securities issue as invalid shall be a basis for cancellation by an authorized body of an issue of issuance securities.

Within three months from the date of cancellation of an issue of shares a joint stock company shall take a decision on registration of new issue of shares or reorganization or liquidation of the company.

Footnote. Article 27 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2).

Chapter 5. Circulation of issuance securities

Article 28. The procedure of circulation of issuance securities

1. Circulation of issuance securities on the secondary securities market shall be carried out through the commitment of the securities market entities on an organized and non-organized securities market of civil-legal transactions with these securities.

2. Conditions and procedure for making transactions with issuance securities and their registration in the system of registers of securities holders or accounting system of nominal holding of securities shall be set in accordance with this Law and regulatory legal acts of an authorized body.

Article 29. Suspension of circulation of issuance securities

1. An authorized body shall be entitled to take a decision on suspension of circulation of issuance securities by means of blocking all or part of the issuance securities in all or certain personal accounts in the system of registers of holders of securities and (or) accounting system of nominal holding of securities in case of violation of the requirements provided for by this Law and other regulatory legal acts of the Republic of Kazakhstan, that establish:

1) rights and interests of investors in the process of acquisition of issuance securities by them;

2) conditions and procedure of making transactions with issuance securities.

2. In case of taking a decision on suspension of circulation of issuance securities on the grounds specified in paragraph 1 of this article, an authorized body shall direct written instructions about elimination of the revealed violations to an issuer and to the persons involved (participated) in the transaction. These persons shall be obliged within the period provided for by an authorized body to eliminate the identified violations and submit to an authorized body a written report about the execution of instructions or of the impossibility to eliminate the revealed violations.

3. The authorized body shall send a decision to suspend the circulation of issue-grade securities to the issuer and the central securities depository.

4. The central securities depository is obliged to suspend the registration of transactions with securities, the circulation of which is suspended, in the register system of securities holders and the accounting system of nominee holding from the moment of receipt of the authorized body's notification about suspension of circulation of issue-grade securities.

5. A nominal holder shall be obliged within twenty four hours upon receipt of a notification of central depository to notify in written form a client about the suspension of registration of transactions with securities on client's account in the accounting system of nominal holding of securities.

6. After the elimination of violations, the registration of transactions with securities in the system of registers of securities holders and the accounting system of securities nominee holding is resumed on the basis of a written notification to the issuer and the central securities depository within three calendar days of a decision to resume registration of transactions with securities.

Footnote. Article 29 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 30. Cancellation of an issue of issuance securities

1. The joint-stock company is obliged to apply to the authorized body for canceling the issue of shares within thirty calendar days of:

1) a final and binding court decision on invalidating the state registration of the issue of shares;

2) approval of the liquidation balance sheet of a voluntarily liquidated joint-stock company;

3) a final and binding court decision on compulsory liquidation of a joint-stock company;

4) signing the deed of transfer when the joint-stock company is transformed into a business partnership or a production cooperative;

5) signing the deed of transfer (for joint-stock companies reorganized through merger);

6) signing the deed of transfer (for the merging joint-stock company in the event of reorganization through merger, with the exception of the merged joint-stock company specified in part two of this clause);

7) signing the separation balance sheet (for a joint-stock company in case of its reorganization through separation).

In case of reorganization by merger, the merging joint stock company, which a financial institution, shall be obliged to apply to the authorized body to cancel the issue of shares no later than five working days from the date of receipt of the letter from the authorized body on the termination of the license.

1-1. Liquidated joint stock company shall refer to an authorized body for cancellation of an issue of shares within thirty calendar days from the date of approval of the liquidation balance-sheet of the liquidated company.

1-2. An authorized body shall be entitled to take a decision on cancellation of an issue of shares of joint stock companies, information on the liquidation or reorganization (except for cases of joining to the specified joint stock company of another legal entity or discharge from the specified joint stock company of a new joint stock company) of that is kept in National register of business identification numbers, without presentation of the documents necessary for cancellation of shares.

2. is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

2-1. If a final and binding court decision on invalidating the state registration of the issue of authorized shares or compulsory liquidation is presented by court or enforcement agents, the authorized body shall make a decision on cancellation of the issue of shares and notify the issuer thereof.

3. The procedure for canceling the issue of authorized shares, the list of documents for canceling the issue of authorized shares and requirements therefor are determined by the regulatory legal act of the authorized body.

If documents are found to be non-complying with requirements established by the legislation of the Republic of Kazakhstan in the course of their consideration, the authorized body has the right to refuse to cancel the issue of authorized shares.

4. Making of civil-legal transactions with shares in respect of an issue of that by an authorized body has been taken a decision on cancellation shall be prohibited.

5. Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

6. The decision to cancel the issue of shares shall be sent by the authorized body to the issuer.

Footnote. Article 30 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 19.02.2007 № 230 (the order of the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 239-V as of 29.09.2014 (shall be enforced ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 30-1. Cancellation of the issue of non-government bonds

Footnote. The heading as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

1. The decision to cancel the issue of non-government bonds is taken by the authorized body on one of the following grounds:

1) the existence of a decision of the issuer's body on cancellation of the issue of non-government bonds provided that one of the following conditions is observed:

none of non-government bonds of this issue was placed;

all placed non-government bonds of this issue were redeemed by the issuer in the secondary securities market;

upon expiration of the circulation period of non-government bonds of this issue;

in the course of reorganization of financial institutions, and also organizations being part of a banking conglomerate as the parent organization that is not a financial institution, in cases provided for by the laws of the Republic of Kazakhstan;

2) submission of documents, confirming the completion of the liquidation process, by the liquidation commission of the issuer under compulsory liquidation.

The authorized body has the right to decide on the cancellation of the issuer's non-government bond issue, information on the liquidation of which is contained in the

National Register of Business Identification Numbers, without submitting documents required for canceling the non-government bond issue.

When canceling the issue of non-government bonds upon expiration of their circulation period, the central securities depository shall record the rights of claim to the obligations of the issuer of this issue of non-government bonds until the issuer fulfills all obligations stipulated by the terms of issue of non-government bonds.

2. The procedure for canceling the issue of non-government bonds, the list of documents for canceling the issue of non-government bonds and the requirements therefor are established by the regulatory legal act of the authorized body.

The authorized body has the right to refuse to cancel the issue of non-government bonds, if the documents are found to be non-complying with the requirements established by the legislation of the Republic of Kazakhstan in the course of their consideration.

3. The issuer of non-government bonds is not entitled to make a decision on voluntary liquidation if, as of the date of such a decision, the issued non-government bonds have not been fully redeemed or the issue of non-government bonds has not been canceled.

Footnote. The Law is supplemented with Article 30-1 in accordance with the Law of the Republic of Kazakhstan dated 19.02.2007 № 230 (the order of the entry into force see Article 2); is in the wording of the Law of the Republic of Kazakhstan dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 311-V as of 27.04.2015 (shall be enforced ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); dated 02.07.2018 № 166-VI (effective from 01.01.2019).

Article 31. Payment of income on securities. Paying agent. Redemption of bonds

Footnote. The heading is as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

1. In the period of circulation of issuance securities on the secondary securities market an issuer shall be obliged to comply with the procedure of payment of income on securities established by the legislation of the Republic of Kazakhstan and the conditions of the issue of issuance securities.

2. The face value of bonds upon their redemption and (or) the bond yield shall be paid to persons entitled to receive them as of the start of the last day of the period for which these payments are made (the time of the location of the central securities depository maintaining the system of registers of securities holders).

3. Payment of income on issuance securities (except for the last coupon payment on bonds paid upon redemption of bonds) shall be carried out by the issuer independently or using the services of a paying agent.

3-1. The money intended for the redemption of bonds, including the last coupon payment, shall be transferred by the issuer, except for the issuers who have a license to conduct bank transfer operations, to an account opened with the central securities depository for crediting the amount for the redemption (early redemption) of bonds in accordance with the procedure and within the time limits, determined by the regulatory legal act of the authorized body, with a list of bondholders attached, containing information on the amount payable to each bondholder.

The Central securities depository transfers money intended for redemption (early redemption) of bonds to the bank accounts of these bond holders in accordance with the procedure prescribed by the regulatory legal act of the authorized body.

Issuers holding a license to conduct bank transfer operations are entitled to independently pay bondholders money intended for redemption (early redemption) of bonds issued by these issuers.

After the fulfillment of obligations to redeem their bonds, issuers holding a license to conduct bank transfer operations are required to submit to the central securities depository a notice of payment to bondholders of money intended for redemption (early redemption) of bonds, with a list of bondholders containing information on the amount payments to each bondholder.

If there are unidentified (“lost”) bondholders, the issuer of securities holding a license to conduct bank transfer operations shall transfer the amounts due to these holders of payments to the central securities depository in accordance with the procedure and on conditions established by the rules and regulations of the central securities depository.

4. The conditions and procedure for the payment of income on state equity securities issued by the Government of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan, local executive bodies, the state Islamic special financial company are established by the legislation of the Republic of Kazakhstan.

5. The decision to select a paying agent to pay income on non-government equity securities shall be made by the issuer's body in accordance with its charter.

6. If a decision is made to use the services of a paying agent, the prospectus of the issue of issuance securities must contain the following information about the paying agent:

- 1) full name of the paying agent;
- 2) location, details of the paying agent and all its branches that will pay income on securities.

7. Is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

8. In the event of non-payment, incomplete payment through the fault of the issuer of income on issuance securities and (or) the par value of bonds upon their redemption, the

issuer shall pay the securities holders the amount of the principal obligation and a penalty for each day of delay, calculated on the base rate of the National Bank of the Republic of Kazakhstan as of the date of fulfillment of the monetary obligation or its corresponding part.

9. Condition and procedure of carrying out an activity of paying agent shall be carried out by a regulatory legal act of an authorized body.

Footnote. Article 31 as amended by the Law of the Republic of Kazakhstan dated 07.07.2004 № 577; dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (effective from 01.01.2021); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 31-1. Notification about the licensee's approval of financial products

The licensee shall notify the authorized body of the approval of financial products by the licensee's body authorized to approve financial products within ten working days of their approval.

The list of financial products, of which approval the licensee notifies the authorized body, the procedure for notifying the authorized body of the approval of financial products by the licensee, as well as the list of documents attached to the notification shall be determined by the regulatory legal acts of the authorized body.

Footnote. Chapter 5 is supplemented with Article 31-1 in accordance with Law of the Republic of Kazakhstan № 203-V as of 16.05.2014 (shall be enforced six months after its first official publication); as amended by Law of the Republic of Kazakhstan № 479-V as of 29.03.2016 (shall be enforced twenty-one calendar days after its first official publication).

Article 32. Notification about the results of redemption of non-government bonds

The Central securities depository notifies the authorized body of the redemption of non-government bonds by the issuer in accordance with the procedure and the time limits determined by the regulatory legal act of the authorized body.

Footnote. Article 32 - as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Chapter 5-1. Particularities of an issue and circulation of Islamic securities

Footnote. The Law is supplemented with chapter 5-1 in accordance with the Law of the Republic of Kazakhstan dated 12.02.2009 № 133-IV (the order of the entry into force see Article 2).

Article 32-1. Basic principals of Islamic financing

Basic principals of Islamic financing shall be:

1) upon issuing of Islamic securities, an issuer shall not be entitled to charge fees as a percent of the value of Islamic securities, as well as to guarantee income for Islamic securities ;

2) funds obtained from the issuance and placement of Islamic securities, must not be directed at financing of activities associated with the production and (or) trade of tobacco, alcohol, weapons and ammunition, gambling, and other types of entrepreneurial activity, the financing of that is prohibited by the council of Islamic finance principles.

The council of Islamic finance principles shall be entitled to additionally define other mandatory requirements to activities of Islamic securities of an issuer of Islamic securities.

Article 32-2. Types of Islamic securities

1. Islamic securities shall include:

- 1) stocks and shares of Islamic investing funds;
- 2) Islamic lease certificates;
- 3) Islamic certificates of participation;
- 4) Other securities recognized as Islamic securities in accordance with the legislation of the Republic of Kazakhstan.

2. Issuers of shares of Islamic investment funds shall be managers of an investment portfolio.

Issuers of Islamic lease certificates and Islamic certificates of participation shall be Islamic special financial companies.

Article 32-3. Islamic lease certificates

1. Islamic lease certificates are Islamic securities issued by an Islamic special finance company, with a circulation period predetermined at the time of issue, the holders of which acquire the right to receive income under a lease (financial lease) agreement.

2. Islamic lease certificates entitle their holders to:

- 1) receive income under a lease (financial lease) agreement;
- 2) receive income from the repurchase of allocated assets by the state Islamic special finance company to the authorized body for state property management if an Islamic special finance company is a State Islamic special finance company;
- 3) receive money in the amount corresponding to the share of property constituting the allocated assets in an amount proportional to the number of Islamic lease certificates owned by the holder to the total number of placed Islamic lease certificates;
- 4) receive information about the issuer's (originator's) activities and also familiarize themselves with the issuer's (originator's) financial statements in the manner prescribed by the prospectus for the issue of Islamic lease certificates;
- 5) receive extracts from the central securities depository or nominee holder confirming the holders' ownership of Islamic lease certificates;
- 6) other rights provided for by this Law and other laws of the Republic of Kazakhstan, and also the terms of issue of Islamic securities.

3. An Islamic special finance company is set up to issue Islamic lease certificates, to acquire property with money received as a result of their placement, and also to distribute payments received under an agreement on the lease (financial lease) of this property among holders of Islamic lease certificates.

The State Islamic special finance company is set up exclusively for the purposes of issuing government Islamic securities (Islamic lease certificates), and acquiring state property related thereto and leasing this property to an authorized body of a relevant industry, and also for redeeming government Islamic securities in accordance with the terms of issue of government Islamic securities.

The State Islamic special financial company enters into a contract for the sale of allocated assets with the authorized body for state property management with an obligation to repurchase them in accordance with the terms of issue of government Islamic securities and an agreement on the lease of these allocated assets with an authorized body of a relevant industry.

The property, as part of the allocated assets of the State Islamic special finance company, shall be sold by the authorized body for state property management on the basis of a decision of the Government of the Republic of Kazakhstan to issue government Islamic securities.

The repurchase of allocated assets from the State Islamic special finance company is carried out by the authorized body for state property management in accordance with the terms of issue of government Islamic securities.

The replacement of property constituting allocated assets of the State Islamic special finance company with other property items is allowed by decision of the Government of the Republic of Kazakhstan, provided that such replacement is carried out in accordance with the terms of issue of government Islamic securities.

4. The circulation of Islamic lease certificates is possible after the conclusion of an agreement on the lease (financial lease) of the property included in the allocated assets of the Islamic special finance company.

5. The prospectus for the issue of Islamic lease certificates may provide for early redemption of Islamic lease certificates in case of the originator's purchase of property from an Islamic special finance company.

6. Other conditions for the issue, placement, circulation and redemption of Islamic lease certificates are determined by the regulatory legal act of the authorized body.

Footnote. Article 32-3 as amended by Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 32-4. Islamic certificates of participation

1. Islamic certificates of participation shall be Islamic securities issued by Islamic special financial company with a predetermined at the time of issue maturity with the purpose to use the attracted funds for the organization of a new investment project, development of existing

investment project or financing of entrepreneurial activities on the basis of a partnership agreement or with creation of a legal entity in an organizational-legal form of a joint stock company or limited liability partnership.

2. An originator shall participate in an investment project by means of investing of property in the investment project and (or) implementation of entrusted administration of shares (stakes of participation) owned by Islamic special financial company.

3. Circulation of Islamic certificates of participation shall be possible after the beginning of realization of the investment project. The beginning of realization of the investment project shall be investment not less than ten percent of funds received from placement of Islamic participation certificates.

An issuer within three working days from the date of the beginning of realization of the investment project shall be obliged to inform holders of Islamic participation certificates about the possibility of their circulation through publication of notification in mass media, provided for by prospectus of an issue of Islamic participation certificates.

4. Income over investment project shall be distributed between Islamic special financial company and an originator under the terms of an issue of prospectus of Islamic participation certificates.

5. An originator shall be entitled to receive commission remuneration in the amount established by the prospectus of an issue of Islamic participation certificates.

6. An originator shall issue Islamic certificates of participation in the following cases:

1) In cases provided for by the prospectus of an issue of Islamic certificates of participation;

2) In cases of Islamic certificates of participation default;

3) In cases of taking a decision on liquidation of Islamic special financial company.

7. An originator shall be obliged to make early redemption of Islamic certificates of participation in case of liquidation by his initiative of legal entity implementing an investment project.

8. In case of liquidation of an originator a contract of simple partnership shall be terminated. The property constituting specified investment project shall be subjected to be realization by a representative of holders of Islamic certificates of participation with the payment of money received from the realization of specified property to holders of the Islamic certificates of participation in accordance with their stakes in the amount of an issue of Islamic certificates of participation.

9. Holders of Islamic certificates of participation in the cases provided for by conditions of an issue of Islamic certificates of participation, together with an originator shall be entitled to take decisions upon selecting of investment projects for financing.

Article 32-5. Activity of the council of Islamic finance principles

1. Defining of compliance of objects of finance at the expense of funds received as a result of an issue and placement of Islamic securities by Islamic finance principals shall be carried out:

1) in respect of the Islamic securities specified in subparagraphs 2), 3) of paragraph 1 of Article 32-2 of this Law - by the Board on the Islamic finance principles of an Islamic bank, appointed in the manner prescribed by the banking legislation of the Republic of Kazakhstan, or by the Board on the Islamic finance principles engaged under a separate agreement by decision of resident legal entities of the Republic of Kazakhstan transferring assets to the Islamic special finance company on the basis of a purchase and sale contract and (or) being founders of the Islamic special finance company or the authorized body for state property, which is the founder of the State Islamic special finance company;

2) in respect of Islamic securities specified to in subparagraph 1) of paragraph 1 of Article 32-2 of this Law, the council of Islamic finance principles, involved on the basis of a certain contract on the decision of a general meeting of shareholders of Islamic joint stock investment fund or managing company of Islamic share investment fund on the recommendation of management bodies.

The council of Islamic finance principles shall be independent in its decisions.

2. In case of recognition by the council of Islamic finance principles of a finance contract at the expense of funds received from placement of Islamic securities, pending the conclusion to be inconsistent with the principles of Islamic financing specified in Article 32-1 of this Law, such transaction cannot be concluded and executed.

3. In case of recognition of a transaction by the council of Islamic finance principles as concluded, but not executed or partially executed on financing at the expense of funds received from placement of Islamic securities, to be inconsistent with the principles of Islamic financing specified in Article 32-1 of this Law, such transaction can at the request of an originator or of a managing company of Islamic investment fund be abrogated according to the procedure provided for by civil legislation of the Republic of Kazakhstan.

Footnote. Article 32-5 as amended by the Law of the Republic of Kazakhstan dated 22.07.2011 № 475-V (shall be enforced from the date of its official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016).

Article 32-6. Islamic special financial company

1. An Islamic special finance company shall be set up by the originator transferring property and (or) allocated assets to the Islamic special finance company.

The requirements for the originator, except for the authorized body for state property management, and also the requirements for the establishment and operation of an Islamic special finance company, except for the State Islamic special finance company, are established by regulatory legal acts of the authorized body.

2. Charter capital of the Islamic special financial company shall be formed exclusively in money.

3. The nominal value of Islamic securities at their initial placement shall be common to all Islamic securities within the same release and shall be determined by the prospectus of an issue of Islamic securities.

4. Name of Islamic special financial company must contain the words "Islamic special financial company".

4-1. The name of the State Islamic special finance company shall contain the words "State Islamic special finance company".

5. Further issue of Islamic securities until the complete redemption of the previous issue of Islamic securities shall be prohibited.

6. The Islamic special financial company must conduct an audit of annual financial statements.

7. Voluntary reorganization or liquidation of an Islamic special finance company may be carried out after approval of its report on the results of redemption of the issue of Islamic securities issued by the Islamic special finance company.

7-1. The procedure for liquidation of the State Islamic special finance company is determined by a regulatory legal act of the Government of the Republic of Kazakhstan.

8. Is excluded by Law of the Republic of Kazakhstan № 203-V as of 16.05.2014 (shall be enforced six months after its first official publication).

9. The Islamic special financial company shall use the receipts on allocated assets exclusively on performance of obligations on issued by it Islamic securities, including an establishment of relevant reserve funds upon Islamic securities.

10. Allocated assets shall be accounted separately from the funds of the Islamic special financial company.

10-1. Allocated assets of the State Islamic special finance company are accounted for separately from other own funds of the State Islamic special finance company and any other assets belonging to any other person or related to any other transaction for the issue of government Islamic securities.

11. From the date of government registration of the prospectus of an issue of Islamic securities of the Islamic special financial company in accordance with this Law exaction to allocated assets, that are security of this issue of Islamic securities of the Islamic special financial company, can be circulated only after discharge of obligations of the Islamic special financial company at the expense of other assets, apart from the allocated assets.

11-1. Assets sold by the State Islamic special finance company on the basis of a decision of the Government of the Republic of Kazakhstan are not collateral for Islamic lease certificates.

12. The Islamic special financial company shall maintain book-keeping and submit financial statements separately in own funds and allocated assets in accordance with the legislation of the Republic of Kazakhstan.

13. Is excluded by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication).

14. The requirements of this article, except for paragraphs 1, 3, 4-1, 7-1, 9, 10-1 and 11-1, do not apply to the activities of the State Islamic special finance company.

Footnote. Article 32-6 as amended by the Law of the Republic of Kazakhstan dated 22.07.2011 № 475-IV (shall be enforced from the date of its official publication); dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 203-V as of 16.05.2014 (shall be enforced six months after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication).

Article 32-7. Representative of holders of Islamic securities. Functions and obligations of a representative of holders of Islamic securities

1. Upon an issue and circulation of Islamic securities, except for shares representing the interests of holders of Islamic securities to an issuer and third parties shall be carried out by a representative of holders of Islamic securities.

The choice of a representative of holders of Islamic securities an issuer shall carry out independently from the number of professional participants of securities market carrying out in custody and (or) brokerage and dealer activities on securities market.

A representative of holders of Islamic securities must not be an affiliated person of an Issuer.

2. Requirements to content of a contract on representation of interests of holders of Islamic securities, shall be concluded between an issuer and representative of holders of Islamic securities, as well as the procedure and cases of early termination of powers of a representative of holders of Islamic securities shall be established by a regulatory legal act of an authorized body.

3. A representative of holders of Islamic securities shall carry out the following functions:

1) control over fulfillment of the obligations by an issuer that are established by the prospectus of an issue of Islamic securities to holders of Islamic securities;

2) control over compliance of an objects of finance to conditions of an issue of Islamic securities;

3) take measures aimed at protection of rights and interests of holders of Islamic securities ;

4) carry out monitoring over property acquired at the expense of funds received from placement of Islamic securities, financial statements of an issuer in respect of implementation of transaction on finance at the expense of funds received from placement of Islamic securities, as well as legal entities, in assets of that have been invested the specified assets;

5) represent the interests of Islamic special financial company upon an issue of Islamic certificates of participation in case, if that is provided for under the conditions of their issue;

6) inform holders of Islamic securities on his own actions in compliance with subparagraphs 1) -4) of this paragraph, and on the results of such actions.

4. For the purposes of protection of rights and interests of holders of Islamic securities a representative of holders of Islamic securities shall be obliged to:

1) identify circumstances that can lead to the violation of rights and interests of holders of Islamic securities, and notify the holders of Islamic securities within three calendar days on specified circumstances;

2) inform an authorized body and holders of Islamic securities on condition of a property acquired at the expense of funds received from placement of Islamic securities;

3) notify an authorized body and holders of Islamic securities on termination of his powers as a representative within three calendar days from the date of termination of a contract with an issuer;

4) submit to an authorized body and to holders of Islamic securities, at their request, information and documents related to his activities as a representative of holders of Islamic securities;

5) hold confidential information constituting commercial and other secret protected by the Law.

5. The procedure of execution by a representative of holders of Islamic securities of functions and obligations provided for by paragraphs 3 and 4 of this Article shall be established by a regulatory legal act of an authorized body.

6. This article does not apply to the issuance of government Islamic securities.

Footnote. Article 32-7 as amended by Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016).

Chapter 6. Circulation of derivative securities and derivative financial instruments

Footnote. Title of Chapter 6 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 33. Repo operations, transaction with derivative securities and derivative financial instruments

Footnote. The heading of Article 33 - as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

1. Broker and (or) dealer with a licence to exercise of activities of stock brokers and stock dealers of an authorized body in the scope of regulation of trade activity, shall make transactions with derivative financial instruments on a commodity exchange according to the procedure and on conditions provided for by a regulatory legal act of an authorized body.

2. Conclusion (making) on commodity exchange by broker and (or) dealer of transactions with goods specified in paragraph 1 of this article, except for transactions the subject of that are derivative financial instruments, the basic assets of that are goods shall be prohibited.

In case of conclusion on commodity exchange of transactions without participation of a central counterparty a broker and (or) dealer shall act exclusively at the expense and under instructions of a client on the basis of a contract for brokerage services to that the norms of a contract of agency, established by the Civil Code of the Republic of Kazakhstan shall be applied.

3. The Central counterparty can be a clearing organization, central depository or the stock exchange.

The internal documents of a stock exchange may provide for the possibility of performing the functions of the central counterparty by other organizations when making transactions in the trading system of this stock exchange.

4. The procedure and conditions for transactions with derivative financial instruments with the participation of the central counterparty are established by internal documents of a clearing organization, the central securities depository, a stock exchange, which are a central counterparty.

5. Registration of transactions with derivative securities, and confirmation of rights on them shall be carried out by nominal holders in accordance with this Law and regulatory legal acts of an authorized body.

6. The procedure and conditions for making repo operations and (or) transactions with derivative financial instruments on the organized securities market are established by internal documents of the stock exchange.

7. The procedure and conditions for making repo operations and (or) transactions with derivative financial instruments on the unorganized securities market are determined by the parties in the relevant agreement.

8. The agreement referred to in paragraph 7 of this Article may be concluded in the form of a general financial agreement.

The General Financial Agreement between residents is developed by a professional organization. If a foreign person is a party to a general financial agreement, a general financial agreement may be developed by a foreign professional organization.

The General Financial Agreement defines, among other things, the procedure and conditions for the use of liquidation netting.

The parties are entitled to make changes and (or) additions to the standard terms of the master financial agreement, including with regard to the procedure and (or) conditions for the use of liquidation netting.

Footnote. Article 33 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 166-VI as of

02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 34. Issue of depository receipts and other securities the basic assets of that are issuance securities of issuers-residents of the Republic of Kazakhstan

Footnote. Article 34 is excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 35. Issue of Kazakhstani depository receipts

Issue of Kazakhstani depository receipts is carried out by the central securities depository. The procedure, conditions for the issue and placement of Kazakhstani depository receipts are determined by the set of rules of the central securities depository.

Footnote. Article 35 - as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Chapter 7. Registration of transactions with issuance securities and confirmation of rights on them

Article 36. Registration of transactions with issue-grade securities

1. Transactions with issuance securities, as well as the assignment of rights of claim for issuers' obligations on issuance securities shall be registered in the registration system of nominee holding and the system of registers of securities holders in the order and terms established by the regulatory legal acts of the authorized body.

2. Excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.07.2021).

3. The procedure for registering transactions with issue-grade securities made in the organized securities market is established by the set of rules of the central securities depository and internal documents of the stock exchange.

4. Excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.07.2021).

5. Excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.07.2021).

6. Excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.07.2021).

7. The registration of changes in or termination of rights to securities by a court decision is carried out by the central securities depository (nominee holder) on the basis of a final and bonding court decision executed in accordance with Article 226 of the Civil Procedure Code of the Republic of Kazakhstan.

8. Excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.07.2021).

9. The central securities depository, a nominee holder are not entitled to independently make entries in personal accounts (sub-accounts) of registered persons in the absence of grounds established by the legislation of the Republic of Kazakhstan.

10. Documents (except for documents identifying a registered person), which are the basis for making entries in personal accounts (sub-accounts), shall be retained for five years.

11. The features of accounting and confirmation of rights in relation to foreign securities or foreign organizations, performing the functions established by paragraph 1 of Article 59 of this Law, shall be established by the regulatory legal act of the authorized body.

12. The features of registration of rights in relation to government issue-grade securities, and also to securities of banks during their reorganization through merger, if one of the reorganized banks is a bank reorganized in accordance with the Law of the Republic of Kazakhstan “On Banks and Banking Activities in the Republic of Kazakhstan”, are established by the legislation of the Republic of Kazakhstan.

Footnote. Article 36 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.07.2021).

Article 37. Registration of the pledge of rights to issue-grade securities

1. The procedure for registration of the pledge of rights to issue-grade securities is established by this Law, the regulatory legal act of the authorized body and the set of rules of the central securities depository.

2. The pledge of rights to issue-grade securities is registered by the central securities depository (nominee holder) on the basis of orders of the pledgor and pledge holder, except for cases established by paragraphs 3 and 4 of this article.

It is allowed to transfer orders of the pledgor and pledge holder in respect of operations related to the encumbrance of issue-grade securities through the single register of pledged movable property.

The procedure for the execution of orders of the pledgor and pledge holder in respect of operations related to the encumbrance of issue-grade securities through the single register of pledged movable property is determined by the legislation of the Republic of Kazakhstan and the set of rules of the central securities depository.

3. When making the transaction, specified in subparagraph 11) of paragraph 2 of Article 5 -1, Articles 61-2, 61-4, 61-11 and 61-12 of the Law of the Republic of Kazakhstan “On Banks and Banking Activities in the Republic of Kazakhstan”, the pledge of rights to issue-grade securities shall be registered without disencumbering on the basis of the order of the pledge holder, containing all the necessary information to register this transaction, indicating the rights to issue-grade securities to be pledged.

4. When making settlements between the depositor and its client, the registration of the pledge of securities pledged to the depositor and being the collateral for a margin transaction, and the transfer of ownership of these securities are carried out on the basis of the order of the

pledge holder and the agreement on brokerage services containing the terms of margin transactions.

5. If the depositor's license is revoked or the depositor decides to voluntarily return the license for the brokerage and (or) dealer activity with the right to maintain customer accounts as a nominee holder, the central securities depository transfers encumbered securities belonging to the depositor's client to the client's account in the system of registers of securities holders without disencumbering in the manner prescribed by the set of rules of the central securities depository.

Footnote. Article 37 as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 37-1. Substitution of a pledged item and registration of the pledge of rights to shares during banks' reorganization through affiliation

1. When banks are reorganized through affiliation, the ownership right of the shareholder (that is a pledgor) to the shares of the affiliated bank, the rights to which are a pledged item, shall be terminated on the basis of acquisition of these shares by the affiliating bank.

2. When shares are distributed to shareholders (pledgers) of banks under reorganization through affiliation, the rights to shares of reorganized banks are substituted by rights to shares and the pledge right extends to rights to placed shares to ensure the fulfillment of respective obligations of shareholders (pledgers) of reorganized banks, which are secured by the pledge of rights to shares of reorganized banks.

3. Operations with shares of reorganized banks and shares placed in the course of reorganization are performed without the pledge holder's consent.

4. The features of and procedure for registering the pledge of rights to shares of banks during their reorganization through affiliation are established by the legislation of the Republic of Kazakhstan.

Footnote. The Law is supplemented with Article 37-1 in accordance with Law of the Republic of Kazakhstan № 179-V as of 19.03.2014 (shall be enforced on the day of its first official publication); as amended by Law of the Republic of Kazakhstan № 49-VI as of 27.02.2017 (shall be enforced ten calendar days after its first official publication).

Article 38. Confirmation of rights on issuance securities

1. The rights to issue-grade securities are confirmed by providing a statement of account of a registered person in the accounting systems of the central securities depository and (or) nominee holding.

The conditions and procedure for providing an extract is established by this Law, regulatory legal acts of the authorized body, and the set of rules of the central securities depository.

2. In case of inconsistency of information about the number, type of securities specified by nominal holder in the extract from personal account in the system of nominal holding, information on personal account of nominal holder (a client sub-account of nominal holder)

in the accounting system of central depository shall have priority information contained in the accounting system of central depository.

Footnote. Article 38 is in the wording of the Law of the Republic of Kazakhstan dated 23.10.2008 № 72-IV (shall be enforced from 01.01.2010); as amended by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced from 01.01.2013); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 39. An order of registration of a transaction with issuance securities

Footnote. Article 39 is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 40. Suspension of operation on client accounts of securities holders. Confiscation of issuance securities

1. The suspension of making entries on personal accounts or registration of transactions with issue-grade securities in the accounting system of the central securities depository or that of the securities nominee holding is carried out on the basis of a decision of a state body authorized to make such a decision in accordance with the laws of the Republic of Kazakhstan.

2. Confiscation of issuance securities can be made only on the basis of a judicial act that has come into legal force.

Footnote. Article 40 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Chapter 8. Commercial secret on securities market

Article 41. Trade secret in the securities market

A commercial secret in the securities market is information on the availability of a personal account in the accounting system of the central securities depository and nominee holding, on the availability, balances, movement and owners of issue-grade securities and other financial instruments on personal accounts in the accounting system of the central securities depository and nominee holding, with the exception of information about the major shareholders of the issuer and the number of shares of this issuer they own, about the issuer and the balances of equity securities on the personal accounts of the issuer for accounting for declared equity securities and for accounting for repurchased equity securities in the accounting system of nominee holding and (or) accounting system central securities depository.

Footnote. Article 41 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 42. Official secret on securities market

Footnote. Article 42 is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 43. Disclosure of commercial secrets on securities market

1. Information constituting a trade secret in the securities market shall not be disclosed, except as otherwise provided for by this article.

The exchange of information, including information constituting a commercial secret in the securities market, between the National Bank of the Republic of Kazakhstan, the authorized body and the Committee of Astana International Financial Center on the regulation of financial services is not a disclosure of a commercial secret in the securities market.

Submission by an official of a state body or a person performing managerial functions in an organization of documents and information containing a commercial secret on the securities market as supporting documents and materials when sending a notice of a criminal offense to the criminal prosecution body is not a disclosure of a commercial secret on the securities market.

2. Is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication).

2-1. Is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication).

2-2. Information constituting a trade secret in the securities market may be provided by the authorized body to an audit organization in accordance with part five of paragraph 9 of Article 55-1 of this Law.

3. Information constituting a trade secret in the securities market may be submitted to:

1) inquiry and preliminary investigation bodies: with regard to current criminal case proceedings;

1-1) the national security bodies and the State Guard Service of the Republic of Kazakhstan with the prosecutor's sanction at their request for the provision of information necessary for the prevention, detection and suppression of reconnaissance and (or) subversive actions;

2) courts: with regard to current case proceedings on the basis of a ruling, decision;

2-1) to the authorized body for the assets recovery upon a written request signed by the top executive or a person acting as such, with an extract from the register approved as required by the Law of the Republic of Kazakhstan "On the return of illegally acquired assets to the state";

3) agencies of the prosecutor's office: on the basis of a decision on the inspection within their competence with regard to the material under their consideration;

3-1) the authorized body for financial monitoring: for the purposes and in the manner provided for by the Law of the Republic of Kazakhstan "On Counteraction of Legitimization (Laundering) of Incomes Received by Illegal Means, and Financing of Terrorism";

4) state and private enforcement agents: with regard to current cases of enforcement proceedings on the basis of a decision of an enforcement agent authorized by the prosecutor, certified by the seal of a justice agency or by the seal of the private enforcement agent;

5) state revenue authorities exclusively for tax administration purposes:

with regard to issues related to taxation of an audited entity;

with regard to a person with tax debts exceeding 150 times the monthly calculation index established by the law on the republican budget and effective as of January 1 of a corresponding financial year, not paid off within four months of their incurrance;

in relation to a debtor declared bankrupt by a final and binding court decision;

6) an authorized body or the National Bank of the Republic of Kazakhstan at their requests;

7) notaries: in respect of current inheritance cases;

8) foreign consular offices: in respect of current inheritance cases;

9) to the holder of an issuance security or other financial instrument: in respect of his rights under issuance securities or other financial instruments, to any third party on the basis of the holder's consent, given in writing or through the identification means of the holder on the personal account opened for him in the system of registers of securities holders and (or) nominee holding;

10) an issuer: in respect of securities issued by it;

11) a licensee's parent organization: for the purposes of calculating prudential standards, and also the formation of risk management and internal control systems in cases provided for by the legislation of the Republic of Kazakhstan;

12) a stock exchange: to the extent determined by its internal documents;

13) an organization specializing in the improvement of the quality of loan portfolios of second-tier banks: to the extent necessary for carrying out its statutory activities;

14) a person, in whose favor the encumbrance of issue-grade securities or other financial instruments was registered, including a pledge: in respect of his/her rights to issue-grade securities or other financial instruments;

15) the financial manager on the basis of a request for a citizen of the Republic of Kazakhstan, in respect of which a case has been initiated on the application of the procedure for restoring solvency or judicial bankruptcy on the basis of a court ruling on initiating a case on the application of the procedure and with the sanction of the prosecutor;

16) the authorized body in the field of public administration for restoring the solvency and bankruptcy of citizens of the Republic of Kazakhstan on the basis of a request in respect of a citizen who submitted an application for the application of the procedures provided for by the Law of the Republic of Kazakhstan "On Restoring Solvency and Bankruptcy of Citizens of the Republic of Kazakhstan", for a period of three years prior to filing such a request.

The list of information constituting a trade secret and the procedure for submitting such information to the persons specified in part one of this paragraph are established by this Law,

other legislative acts of the Republic of Kazakhstan and regulatory legal acts of the authorized body.

4. Is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication).

5. Information constituting trade secrets in the securities market in relation to non-resident individuals and legal entities, as well as legal entities whose beneficial owners are non-residents, is submitted to the authorized state body in charge of taxes and other obligatory payments to the budget, in respect of:

1) non-resident individuals and non-resident legal entities, as well as legal entities whose beneficial owners are non-residents;

2) individuals and legal entities specified in the request of the authorized body of a foreign state sent in accordance with the international treaty ratified by the Republic of Kazakhstan.

The procedure, time frames and form for the submission of the information specified in this paragraph are established by the authorized state body in charge of taxes and other obligatory payments to the budget, in consultation with the authorized body.

Footnote. Article 43 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 22.06.2006 № 147; dated 28.08.2009 № 192-IV (shall be enforced from 08.03.2010); dated 02.04.2010 № 262-IV (shall be enforced from 21.10.2010); dated 21.06.2012 № 19-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 206-V as of 10.06.2014 (shall be enforced ten calendar days after its first official publication); № 239-V as of 29.09.2014 (shall be enforced ten calendar days after its first official publication); № 257 as of 28.11.2014 (see the enforcement procedure in subparagraph 12) of Article 10); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 432-V as of 03.12.2015 (shall be enforced from 01.01.2016); № 479-V as of 29.03.2016 (shall be enforced twenty-one calendar days after its first official publication); № 26-VI as of 30.11.2016 (shall be enforced from 01.01.2017); № 36-VI as of 28.12.2016 (shall be enforced two months after its first official publication); № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); ; № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019); № 217-VI as of 21.01.2019 (shall be enforced three months after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication); dated 30.12.2022 № 179-VII (shall be enforced upon expiry of sixty calendar days after its first official publication); dated 12.07.2023 № 23-VIII (shall be enforced sixty calendar days after the date of its first official publication).

Article 44. Requirements to professional participants of securities market

1. A professional participant of securities market in the process of providing services to its clients shall secure observance of conditions that prevent the use of information that constitutes a commercial secret in securities market and insider information.

2. Professional participant of securities market shall not be entitled to use the information constituting a commercial secret on securities market and insider information, and prevent actions that can cause a violation of natural pricing and destabilization of securities market.

3. Internal documents of a professional participant of securities market must contain conditions that secure safety of information constituting a commercial secret on securities market and insider information, and not allowing their use in their own interests, professional participant, its employees or the third parties.

Footnote. Article 44 as amended by the Laws of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 9. The procedure of implementation of activity on securities market

Article 45. Infrastructure of securities market

1. On securities market shall be carried out the following types of activities that subjected to licensing by an authorized body:

1) broker;

1-1) dealer;

2) is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced from 01.01.2013).

3) investment portfolio management;

4) is excluded by the Law of the Republic of Kazakhstan dated 21.06.2013 № 106-V (the order of entry into force see subparagraph 1) of paragraph 1 of Article 2);

5) custody;

6) transfer agent;

6-1) clearing activities on transactions with financial instruments;

7) is excluded by the Laws of the Republic of Kazakhstan dated 08.07.2005 №72

8) organization of trades with securities and other financial instruments.

2. The activities specified in subparagraphs 1), 1-1), 2), 3), 4), 5), 6), 6-1), 7) and 8) of paragraph 1 of this article, as well as depository activities, activities to maintain a system of registers of securities holders and the activities of a single operator to carry out the nominal holding of securities owned by the state, subjects of the quasi-public sector, the list of which is approved by the authorized body for the state property management (hereinafter referred to as subjects of the quasi-public sector), or in relation to which the state, subjects of the quasi-public sector have property rights, are professional activities in the securities market.

A single operator carries out nominal holding of securities owned by the state, subjects of the quasi-public sector or in respect of which the state, subjects of the quasi-public sector have property rights, without a license from an authorized body.

2-1. The central securities depository, without a license from the authorized body, carries out the following professional activities in the securities market:

- 1) the depository activity;
- 2) the activity on maintaining the system of registers of securities holders;
- 3) the activity on the organization of trade in securities and other financial instruments;
- 4) the clearing activity on transactions with financial instruments.

The central securities depository is the only organization in the territory of the Republic of Kazakhstan that carries out the depository activity and maintains the system of registers of securities holders.

3. Organizations, carrying out one and the same type or combining types of professional activities in the securities market, set up a professional organization in order to coordinate their activities.

4. The procedure for carrying out an activity in the securities market shall be established by this Law, regulatory legal acts of the authorized body, internal documents of professional organizations and licensees.

The conditions and procedure for combining types of professional activities in the securities market are established by the regulatory legal act of the authorized body.

4-1. The licensee is entitled to carry out activities in the securities market given internal documents establishing:

- conditions and procedure for carrying out activities in the securities market;
- general conditions for making transactions;
- rights and obligations of the licensee and its client, their responsibility.

The internal documents provided for in this paragraph shall be approved by the licensee's management body.

5. Financial instruments of clients of a professional participant in the securities market, and also clearing members, stock exchange members are accounted for by a professional participant in the securities market separately from their own assets and are not included in the property assets in the event of bankruptcy, and (or) the composition of its assets upon liquidation.

6. Conditions and procedure of payment by a client of remuneration to a licensee for provision of services on securities market shall be determined by internal documents of a licensee and (or) a contract concluded by a licensee with his client.

7. (is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72)

8. The joint-stock company, which received gold and currency assets of the National Bank of the Republic of Kazakhstan and (or) the assets of the National Fund of the Republic of Kazakhstan (hereinafter referred to as the assets) into trust management, carries out the

brokerage and (or) dealer activity and (or) the investment portfolio management activity without a license.

9. The requirements of this Law and the authorized body's regulatory legal acts for the procedure and conditions for the brokerage and (or) dealer activity and (or) the investment portfolio management activity do not apply to the joint-stock company, specified in paragraph 8 of this article, when it carries out the above types of professional activities in the securities market in relation to assets.

The joint-stock company, specified in paragraph 8 of this article, carries out the brokerage and (or) dealer activity in relation to assets and the asset trust management activity in accordance with internal documents of this joint-stock company and investment policy statements on asset trust management.

10. In case of conclusion of agreements on the provision of brokerage services and (or) investment portfolio management with clients who are not the National Bank of the Republic of Kazakhstan and the National Fund of the Republic of Kazakhstan, the joint-stock company, specified in paragraph 8 of this article, carries out professional activity in the securities market in accordance with the requirements of this Law and regulatory legal acts of the authorized body.

11. The single operator shall comply with the requirements established by Articles 47-1, 49-1, 53 and 53-1 of this Law in the course of its activities.

The requirements of Article 54 of this Law shall apply to senior executives of the single operator.

Footnote. Article 45 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 23.12.2005 № 107 (the order of the entry into force see Article 2 of the Law № 107); dated 23.10.2008 № 72-IV (the order of the entry into force see Article 2); dated 20.11.2008 № 88-IV (the order of the entry into force see Article 2); dated 28.12.2011 № 524-IV (the order of the entry into force see Article 2); dated 21.06.2013 № 106-V (the order of the entry into force see subparagraph 1) of paragraph 1 of Article 2); dated 16.05.2014 № 203-V (effective six months after the date of its first official publication); dated 27.04.2015 № 311-V (effective ten calendar days after the date of its first official publication); dated 24.11.2015 № 422-V (effective from 01.01.2016); from 29.03.2016 № 479-V (effective after twenty-one calendar days after the date of its first official publication); dated 02.07.2018 № 166-VI (see Article 2 for the procedure for entry into force); dated 03.07.2019 № 262-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 46. Formation of charter capital of an applicant (licensee)

1. Payment for the shares of the applicant (licensee) upon their placement shall be made in cash in the national currency of the Republic of Kazakhstan, except for cases of payment for

the shares of the licensee under reorganization, carried out as prescribed by the Law of the Republic of Kazakhstan "On Joint Stock Companies".

The minimum amount of the authorized capital of the applicant (licensee) shall be established by the regulatory legal acts of the authorized body.

A legal entity shall have the right to pay for the shares of the applicant (licensee) within own capital, net of the amount of assets contributed as payment for the shares and (or) the participatory interest in the authorized capital of other legal entities.

2. A licensee shall be entitled to perform transactions to repurchase its shares from shareholders that hold ten and more percent of shares, on condition that as a result of transactions shall not be violated prudential norms and other indicators or criteria (normative) of financial stability, established by regulatory legal acts of an authorized body.

3. The provisions of this article shall not apply to a branch of a non-resident bank of the Republic of Kazakhstan.

Footnote. Article 46 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 23.10.2008 № 72-IV (the order of the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 179-V as of 19.03.2014 (shall be enforced on the day of its first official publication); dated 02.01.2021 № 399-VI (effective from 16.12.2020); dated 20.04.2023 № 226-VII (shall be enforced from 01.07.2023).

Article 47. Founders and shareholders of an applicant (licensee)

1. Founders and shareholders of an applicant (licensee) can be individuals and legal entities - residents and non-residents of the Republic of Kazakhstan taking into account restrictions established by paragraph 2 of this Article and other legislation of the Republic of Kazakhstan.

Note!

Paragraph 2 shall be enforced from 01.01.2010

2. Legal entities registered in offshore zones, a list of that is established by an authorized body cannot directly or indirectly own and (or) use and (or) dispose of voting shares of an applicant (licensee) -resident of the Republic of Kazakhstan.

The specified restriction shall not extend to applicants (licensees), that are branch organizations of non-resident organizations of the Republic of Kazakhstan, having the minimal required rating of one of the rating agencies carrying out activity that is intended to implement an applicant (shall carry out a licensee).

A list of rating agencies and to the minimum required rating shall be established by a regulatory legal act of an authorized body.

3. An individual, in whose respect a final and binding court decision was issued to apply a criminal penalty in the form of life-long disqualification to hold a senior executive position in

a financial institution and (or) a banking and (or) insurance holding company and to be a major participant (major shareholder) in a financial institution, cannot directly or indirectly own and (or) use and (or) dispose of the applicant's (licensee's) voting shares in the amount of ten or more percent of voting shares.

4. The provisions of this article shall not apply to a branch of a non-resident bank of the Republic of Kazakhstan.

Footnote. Article 47 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); dated 02.01.2021 № 399-VI (effective from 16.12.2020).

Article 47-1. Organizational-legal form and bodies of a licensee

1. A licensee shall be created and shall carry out an activity in an organizational-legal form of a joint stock company, except for transfer agents, brokers and (or) dealers without the right to maintain customer accounts as a nominee holder, that can be created and carry out activities in an organizational-legal form of a limited liability partnership.

2. A licensee (except for transfer agent) on a mandatory basis shall create the internal audit service and develop the following collective bodies:

- 1) management body;
- 2) executive body.

2-1. Brokers and (or) dealers without the right to maintain customer accounts as a nominee holder created in an organizational-legal form of a limited liability partnership, shall form a supervisory board.

3. The provisions of this article shall not apply to a branch of a non-resident bank of the Republic of Kazakhstan.

Footnote. Article 47-1 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (effective from 16.12.2020); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 48. Submit qualifying requirements to applicant

1. To receipt of a licence, an applicant must meet the following qualifying requirements:

1) availability of business plan approved by a management body of an applicant, for the next three years. The business plan must cover the following issues:

goals for receipt of a licence;

description of basic directions and overview of market segment, on that is focused on an applicant;

information about expected services in the framework of activities, the order of evaluation, and also plans on conditions and volume of their sale;

information about the main risks associated with the activities, methods of their evaluation and compensation at the expense of own capital, the value of capital adequacy, risk management procedures and internal control;

financial plan, including a forecast of income and expenses for the first three financial (operational) years, allowable expense ratios of the specified period;

investment policy, sources of financing of activity of a company;

organizational structure of the applicant, including the investment committee and the internal audit service, a description of the ways to implement corporate governance procedures, as well as the requirements for the level of education of specialists;

2) availability of software and hardware facilities and other equipment necessary for carrying out activities on securities market, in accordance with regulatory legal acts of an authorized body;

3) is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

4) is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

5) an organizational structure that meets the requirements established by this Law and regulatory legal acts of an authorized body;

6) is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72;

7) is excluded by the Law of the Republic of Kazakhstan dated 25.11.2019 № 272-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

2. is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72.

3. is excluded by the Law of the Republic of Kazakhstan dated 19.02.2007 № 230.

4. The requirements of subparagraph 1) of paragraph 1 of this article shall not apply to an insurance company for obtaining a license to carry out investment portfolio management activities in the securities market.

Footnote. Article 48 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 23.12.2005 № 107 (the order of the entry into force see Article 2 of the Law № 107); dated 23.10.2008 № 72-IV (the order of the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 25.11.2019 № 272-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 49. Prudential standards, other indicators and criteria (normative standards) of financial stability, mandatory for compliance by a licensee

1. The licensee is obliged to comply with prudential standards, other mandatory norms and limits of financial strength established by regulatory legal acts of the authorized body in relation to the corresponding type of activity in the securities market.

2. The licensee is obliged to submit to the National Bank of the Republic of Kazakhstan the calculations of indicators characterizing compliance with prudential standards, other indicators and criteria (standards) of financial stability, in the manner and terms established by the National Bank of the Republic of Kazakhstan in agreement with the authorized body.

3. Types of prudential standards, other norms and limits of financial strength binding on the licensee, the procedure and methods for calculating their values are established by regulatory legal acts of the authorized body in relation to each type of activity in the securities market.

3-1. Upon non-fulfillment by a licensee of the requirements of an authorized body, specified in a written order, for the adjustment of data in financial and (or) other reporting calculation of prudential standards and other mandatory norms and limits shall be carried out by an authorized body on the basis of amended by them reporting.

4. The norms of this Law on prudential standards and other indicators and criteria (normative standards) of financial stability, mandatory for compliance by a licensee shall not apply to national managing holding and legal entities, one hundred percent of the voting shares of that belong to a national managing company, a list of that is approved by the Government of the Republic of Kazakhstan.

5. A major participant of managing of the investment portfolio, a person with the characteristics of a major participant in the investment portfolio manager, shall be obliged to take measures provided for by the regulatory legal acts of the authorized body to maintain equity capital adequacy ratios and (or) the liquidity ratio of the investment portfolio manager.

In the event of a deterioration in the financial position of the investment portfolio manager, a major participant of the managing of the investment portfolio, a person with the characteristics of a major participant in the investment portfolio manager, shall be obliged, at the request of the authorized body, to take measures to improve the financial position of the investment portfolio manager, in including an increase in the equity capital of the investment portfolio manager, in an amount sufficient to ensure the financial stability of the investment portfolio manager.

In case of non-fulfillment of the requirements provided for in this paragraph, the authorized body has the right to apply to a major participant in the investment portfolio manager, a person with the characteristics of a major participant in the investment portfolio manager, coercive supervisory response measures provided for Article 72-3 of this Law.

6. The authorized body has the right to require the licensee to arrange the appraiser's evaluation of assets taken into account when calculating the prudential standards and submit a valuation report before the deadline set by the authorized body.

The valuation of an asset taken into account when calculating the licensee's prudential standards, which is carried out at the request of the authorized body in accordance with part one of this paragraph, may not be carried out by the appraiser who has earlier evaluated this asset.

If the licensee does not comply with the requirements of the authorized body in accordance with part one of this paragraph, the value of the corresponding asset is excluded from the calculation of the prudential standard submitted to the authorized body as of the last reporting date.

If the value of the asset included in the calculation of the prudential standard does not match the value of the asset determined by the appraiser in accordance with part one of this paragraph, the licensee shall submit to the authorized body an updated calculation of the prudential standard as of the last reporting date together with a relevant appraisal report.

Footnote. Article 49 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 19.02.2007 № 230 (the order of the entry into force see Article 2); dated 13.02.2009 № 135-IV (the order of the entry into force see Article 3); dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); № 168-VI as of 02.07.2018 (see the enforcement procedure in Article 2); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 49-1. Risk management system and internal control

Professional participants in the securities market form the risk management and internal control system, which shall contain:

- 1) powers and functional duties of the bodies of professional participants in the securities market, divisions of the licensee, their responsibility for risk management and internal control ;
- 2) internal policies and procedures for risk management and internal control;
- 3) limits on the permissible exposure separately by types of transactions;
- 4) internal procedures for reporting on risk management and internal control to the bodies of professional participants in the securities market;
- 5) internal criteria of evaluation of effectiveness of risk management system.

The procedure of formation of risk management system and internal control shall be established by a regulatory legal act of an authorized body.

The authorized body shall assess the compliance of the risk management and internal control system with the requirements established by this article.

The requirements of this article do not apply to transfer-agents.

Footnote. The Law is supplemented with Article 49-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten

calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 50. Licensing of an activity on securities market

1. Conditions and procedure for issuance of licenses for implementation of activities on securities market shall be established by this Law and regulatory legal acts of an authorized body.

2. Documents submitted for obtaining a licence shall be considered by an authorized body and on accordance of applicant and submitted documents to the requirements of this Law and other legislation of the Republic of Kazakhstan an authorized body shall issue a licence not later than thirty working days from the date of submission of the documents, conforming to requirements of the legislation of the Republic of Kazakhstan.

An authorized body shall be entitled to refuse to issue a license on grounds established by the legislative acts of the Republic of Kazakhstan.

3. An authorized body shall be entitled to suspend the period for consideration of documents submitted to obtain a license, if in the process of consideration shall be found that these documents contain false information about an applicant, its founders or their activities, as well as upon necessity of checking the validity of submitted to an authorized body information. After elimination by an applicant of comments and submission of documents in term their consideration shall resume. The term of the subsequent consideration of documents by an authorized body must not exceed thirty calendar days.

Footnote. Article 50 as amended by the Laws of the Republic of Kazakhstan dated 23.10.2008 № 72-IV (the order of the entry into force see Article 2); dated 21.06.2013 № 106 -V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 51. Suspension a licence. Deprivation and termination of a licence

1. The authorized body is entitled to suspend a license for a period of up to six months in such cases as:

- 1) identification of false information in documents submitted to obtain a license or consider a report on the licensee's activities;
- 2) failure to provide information on changes in documents submitted to obtain a license;
- 3) non-compliance with the qualification requirements established by this Law;
- 4) failure to accomplish supervisory response measures applied by the authorized body;
- 5) non-compliance with the requirements of Article 54 of this Law in the course of the licensee's activity;

5-1) is excluded by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019);

5-2) is excluded by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019);

- 6) presence of a written application for voluntary suspension of the license;

7) the licensee's failure to carry out the activity, for which the license was issued, during six or more months;

8) failure to comply with the requirements established by the legislation of the Republic of Kazakhstan on the submission of information on activities in the securities market to state bodies;

9) performance of an activity prohibited and limited for licensees in accordance with Article 53 of this Law;

10) non-compliance of the risk management and internal control system with the requirements of the authorized body;

11) violation of the requirements provided for by the Law of the Republic of Kazakhstan "On Counteraction of Legitimization (Laundering) of Incomes Received by Illegal Means, and Financing of Terrorism";

12) failure of a major participant in the investment portfolio manager to accomplish enforcement measures established by Article 72-3 3 of this Law;

13) the licensee's failure to eliminate violations indicated in an audit report within the time frames specified in paragraph 6 of Article 55-1 of this Law.

14) suspension of the license for all or certain essentially similar types of activities of a non-resident bank of the Republic of Kazakhstan by the financial supervisory authority of the state, of which the non-resident bank of the Republic of Kazakhstan is a resident (in respect of the license issued to a branch of a non-resident bank of the Republic of Kazakhstan).

1-1. In case of suspension or loss of membership of stock exchange due to improper performance or non-fulfillment by non-member of stock exchange of stock exchange rules, an authorized body shall be entitled to take a decision on suspension of a license of a member of stock exchange to implement brokerage and (or) dealer activities on securities market for up to six months or on deprivation a licence.

2. The licensed type of activity on securities market after receipt of a written notice of an authorized body on suspension of a licence shall be illegal and entail liability established by the Laws of the Republic of Kazakhstan.

3. is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

4. The authorized body has the right to revoke a license in case of:

1) non-elimination of the grounds of suspension of a license;

2) carrying out professional activity in the securities market with systematic (three or more times during twelve consecutive calendar months) violation of the legislation of the Republic of Kazakhstan on the securities market, joint-stock companies, and investment funds ;

3) systematic (three or more times during the last twelve calendar months) failure to implement supervisory response measures applied by the authorized body;

3-1) repeated violation of the requirements provided for by the Law of the Republic of Kazakhstan "On Counteraction of Legitimization (Laundering) of Incomes Received by

Illegal Means, and Financing of Terrorism”, for which a sanction was applied in the form of suspension of a license on the grounds provided for by subparagraph 11) paragraph 1 of Article 51 of this Law;

3-2) involvement of licensees in transactions related to money laundering or financing of terrorism;

3-3) the licensee’s failure to carry out its professional activity in the securities market, in accordance with the license issued to it, during twelve consecutive calendar months;

3-4) the licensee’s failure to eliminate violations indicated in the audit report, within the time frames specified in paragraph 6 of Article 55-1 of this Law;

4) on other grounds established by the laws of the Republic of Kazakhstan.

4) on other grounds established by this Law and other legislative acts of the Republic of Kazakhstan.

5) A licence shall be terminated on grounds established by the legislation of the Republic of Kazakhstan on licensing.

6) The procedure of fulfillment of obligations by a licensee to clients after receipt of a notification of an authorized body on suspension of a licence or its deprivation shall be established by regulatory legal acts of an authorized body.

4-1. When determining the appropriateness of applying sanctions and choosing a sanction in the form of suspension or revocation of a license to operate in the securities market, it is necessary to take into account:

1) the level of risk, the nature of violations and (or) flaws and their effects;

2) the scale and seriousness of the violations and (or) flaws committed and their effects;

3) consistent pattern and duration of violations and (or) flaws;

4) the impact of violations and (or) flaws on the financial situation;

5) reasons that triggered identified violations and (or) flaws;

6) independent actions taken by the professional participant in the securities market aimed at eliminating flaws, risks or violations identified in its activity.

5. The license is terminated on the grounds established by the legislation of the Republic of Kazakhstan on permits and notifications.

6. The procedure for fulfillment by the licensee of obligations to customers after receiving a notification from the authorized body on suspension of the license or its deprivation is established by regulatory legal acts of the authorized body.

Obligations of a licensee carrying out the brokerage and (or) dealer activity and being a clearing participant, who has received a notification from the authorized body about suspension or revocation of its license, shall be fulfilled by a clearing organization (central counterparty), also through full use by the clearing organization (central counterparty) of financial instruments that are full or partial collateral for obligations with regard to transactions for which the clearing is carried out, margin contributions, contributions to guarantee funds of the clearing organization (central counterparty), in the manner prescribed

by the regulatory legal act of the authorized body and internal documents of the clearing organization (central counterparty).

Footnote. Article 51 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 23.12.2005 № 107 (the order of the entry into force see Article 2 of the Law № 107); dated 12.01.2007 № 222 (shall be enforced upon expiry of six months after its first official publication); dated 28.08.2009 № 192-IV (shall be enforced from 08.03.2010); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2012 № 19-V (shall be enforced upon expiry of ten calendar days after its first official publication).; № 203-V as of 16.05.2014 (shall be enforced six months after its first official publication); № 206-V as of 10.06.2014 (shall be enforced ten calendar days after its first official publication); № 168-VI as of 02.07.2018 (see the enforcement procedure in Article 2) ; dated 02.01.2021 № 399-VI (effective from 16.12.2020).

Article 52. Reports on activity on securities market

1. Licensees, the central depository and a single operator are obliged to timely submit to the authorized body, the National Bank of the Republic of Kazakhstan, the reliable and complete reports on activities in the securities market.

2. The list, reporting forms of licensees, the central depository and a single operator, the terms and procedure for its submission to the National Bank of the Republic of Kazakhstan are established by the regulatory legal acts of the National Bank of the Republic of Kazakhstan in agreement with the authorized body.

3. Subjects of the securities market are obliged to submit primary statistical data to the National Bank of the Republic of Kazakhstan in accordance with the statistical methodology approved by the National Bank of the Republic of Kazakhstan in agreement with the authorized body in the field of state statistics.

Footnote. Article 52 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 19.03.2010 № 258-IV ; dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Article 53. Restrictions and prohibition to implementation of an activity on securities market

1. Licensee shall not be entitled to carry out an entrepreneurial activities not related to activities on financial market, except in the following cases:

- 1) disposal of their property, including rental property acquired for own needs;
- 2) provision of consulting and information services on issues related to activities in the securities market, taking into account the specifics established by Article 53-2 of this Law;

3) implementation of special literature on issues of activities on securities market on any types of data carriers;

4) organization of training in the field of securities market activities;

5) other cases provided for by the legislation of the Republic of Kazakhstan.

2. In addition to the cases established by paragraph 1 of this article, the stock exchange has the right to:

1) publish on its website advertisements about the services provided by it and its members , and also other information determined by internal documents of the stock exchange;

2) lease out (rent) material and technical means and other equipment of the stock exchange.

3. Activities in the securities market of banks, branches of non-resident banks of the Republic of Kazakhstan and organizations engaged in certain types of banking operations, insurance (reinsurance) organizations shall be carried out with account of the requirements of the laws of the Republic of Kazakhstan governing the activities of these organizations.

4. Paragraph 1 of this article does not apply to the activity of a transfer-agent.

Footnote. Article 53 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (effective from 16.12.2020); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 53-1. Ban on advertisement that is not consistent with the reality

1. A licensee shall be prohibited from advertising of his activity that is not consistent with the reality on the day of its publication.

2. An authorized body shall be entitled to request from a licensee making of changes in advertising, that is not consistent with the reality, its termination, or publishing the confutation.

In the case of non-fulfillment of the requirements established by an authorized body period an authorized body shall be entitled to publish information about the inconsistency with the reality of the information contained in advertisement, or clarify them at the expense of a licensee that has published such advertisement.

3. It is prohibited to act as an advertiser of services provided on the securities market to the following persons:

legal entities, branches of non-resident banks of the Republic of Kazakhstan that do not have a license from the authorized body to carry out activities in the securities market;

individuals who are not employees of the licensees and are not authorized by the licensees

;

Persons - non-residents of the Republic of Kazakhstan.

Footnote. The Law is supplemented with Article 53-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 16.12.2020); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 53-2. Features of the provision of investment consulting services

1. Investment consulting shall be understood to be the services for providing individual investors with investment recommendations for concluding transactions with securities and other financial instruments (hereinafter referred to as the investment recommendation).

Organizations engaged in brokerage and (or) dealer activities in the securities market and (or) investment portfolio management activities are entitled to provide investment consulting services.

2. An investment recommendation is provided to an individual investor in accordance with the procedure, determined by the regulatory legal act of the authorized body.

3. An investment recommendation may be provided only by an employee of an organization engaged in brokerage and (or) dealer activities in the securities market and (or) investment portfolio management activities that meets the qualification requirements, established by the regulatory legal act of the authorized body and internal documents of the licensee.

4. When providing investment consulting services, the broker and (or) dealer managing the investment portfolio and their employees shall be obliged to act in good faith with due diligence and solely in the interests of the client.

In case of occurrence and (or) presence of a conflict of interest, the broker and (or) dealer managing the investment portfolio and their employees shall be obliged to act based on the priority of the client's interests over their own interests.

5. The broker and (or) dealer managing the investment portfolio shall be liable for losses incurred by the client as a result of:

- 1) violation of the requirements for the provision of investment advisory services;
- 2) providing misleading or knowingly false information;
- 3) providing an investment recommendation for concluding a transaction with a financial instrument in the presence of a conflict of interest in the event that the client was not properly notified of the possibilities and facts of a conflict of interest upon receipt of this recommendation.

Footnote. Chapter 9 as amended with Article 53-2 in accordance with the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 54. Requirements for senior executives of an applicant (licensee)

1. The following persons are recognized as senior executives of an applicant (licensee):

- 1) the head and members of the management body of the applicant (licensee);
- 2) the head (a person who solely performs the functions of the executive body of a licensee established in the form of a limited liability partnership) and members of the executive body of the applicant (licensee);
- 3) the chief accountant, except for the chief accountant of the transfer-agent;
- 4) other heads of the applicant (licensee), except for the heads of its standalone divisions and their chief accountants, who coordinate and (or) control the activities of one or more structural divisions of the applicant (licensee), carry out professional activities in the securities market, and have the right to sign any agreements concluded with clients, information provided to clients and (or) to the authorized body, including various reporting forms under agreements concluded with clients and regulatory legal acts of the authorized body, as well as documents confirming the verification of movement and balance of assets in the accounts of clients of a professional participant in the securities market.

1-1. For the purposes of this article, a candidate for the position of an executive employee means an individual who intends to hold the position of an executive employee of the applicant (licensee), or a person elected to the position of head or member of the management body, who is an independent director.

2. The person (applicant) may not be appointed (elected) as an executive employee of the applicant (licensee) if:

- 1) he/she has no higher education;
- 2) he/she has no work experience, required by this Article:
 - in international financial organizations, the list of which is established by the authorized body;
 - and (or) work experience in the field of regulation, control and supervision of the financial market and financial organizations;
 - and (or) in the field of provision of financial services;
 - and (or) on the audit of financial organizations;
 - and (or) in the field of regulation of services for the audit of financial organizations;
 - and (or) in the field of software development used to automate the activities of financial organizations;
 - and (or) in foreign legal entities operating in the areas listed in this subparagraph;
- 3) his/her business reputation is not impeccable;
- 4) his/her consent to the appointment (election) to the position of an executive employee was withdrawn and (or) who was suspended from performing official duties in this and (or) in another financial organization, banking, insurance holding, this and (or) other branch of the bank - non-resident of the Republic of Kazakhstan, a branch of an insurance (reinsurance) company - non-resident of the Republic of Kazakhstan, a branch of an insurance broker - non-resident of the Republic of Kazakhstan.

This requirement shall be applied within the last twelve consecutive months after the decision by the authorized body to withdraw consent to the appointment (election) to the position of an executive employee;

5) committed a corruption offense or subjected to an administrative penalty for committing a corruption offense within three years prior to the date of filing an application for approval for the position of an executive employee.

Applicants (licensees), when appointing (elected) executive employees, independently check them for compliance with the requirements of this article, including taking into account the information posted on the Internet resource of the authorized body.

Assessment of business reputation for the presence or absence of an impeccable business reputation in relation to executive employees and candidates for positions of executive employees shall be carried out by the authorized body, including using a motivated judgment.

3. The number of members of the executive body of the applicant (licensee), set up and operating in the organizational legal form of a joint-stock company, must be at least three people.

4. In order to comply with the requirement, provided for by subparagraph 2) of part one of paragraph 2 of this Article, it is necessary to have work experience of for candidates for the positions of:

1) the head of the executive body (the person solely performing the functions of the executive body of the licensee established in the form of a limited liability partnership) of the applicant (licensee) for at least five years, including at least three years in the position of an executive employee;

2) head of the management body of the applicant (licensee) for at least five years, including at least two years in the position of an executive employee;

3) member of the executive body of the applicant (licensee) for at least three years, including at least two years in the position of an executive employee;

4) member of the applicant's (licensee) management body for at least two years, including at least one year in the position of an executive employee;

5) chief accountant of the applicant (licensee) for at least three years;

6) other heads of the applicant (licensee) for at least one year.

For candidates for the positions of members of the executive body of the applicant (licensee) who are in charge exclusively of security issues, administrative and economic issues, information technology issues, the availability of work experience provided for by subparagraph 2) of paragraph 2 of this Article, is not required.

The work experience specified in this paragraph shall not include work in the divisions of a financial organization related to ensuring its security, the implementation of administrative and economic activities, the development of information technology (except for the head of the information technology development division), work in a mutual insurance company and an organization that carries out microfinance activities.

For a member of the Government of the Republic of Kazakhstan, deputy head of the central executive body of the Republic of Kazakhstan, who is a candidate for the position of head of the management body of the applicant (licensee), more than fifty percent of the placed shares of which directly or indirectly belong to the state and (or) the national managing holding, the work experience provided for by this Article, not required.

4-1. For the purposes of subparagraphs 1), 2), 3) and 4) of part one of paragraph 4 of this article, the position of an executive employee means the positions of the head and members of the management body, head and members of the executive body, head, deputy head of an independent structural unit, as well as a separate subdivision of organizations operating in the areas specified in subparagraph 2) of part one of paragraph 2 of this article.

4-2. Documents for obtaining consent to the appointment (election) of an executive employee of the applicant (licensee) may be provided by a candidate for the position of an executive employee or by the applicant (licensee).

The consent of the authorized body to the appointment (election) of an executive employee of the applicant (licensee) can be issued for one or more positions, provided that the candidate for the position of an executive employee meets the requirements for these positions.

The consent of the authorized body to the appointment (election) of an executive employee of the applicant (licensee) entitles to hold the position of an executive employee without re-approval and terminates in the following cases:

1) non-appointment (non-election) of an agreed candidate for the position of an executive employee of the applicant (licensee) within twelve months from the date of obtaining the consent or dismissal from the position (termination of powers) of the executive employee;

2) withdrawal by the authorized body of consent to the appointment (election) to the position of an executive employee of the applicant (licensee).

5. A candidate for the position of an executive is not entitled to perform the relevant functions without the consent of the authorized body.

The prohibition established by part one of this paragraph shall not apply to a person elected to the position of head or member of the management body, who is an independent director, who has the right to perform the relevant functions without the consent of the authorized body for no more than sixty calendar days from the date of his election.

The authorized body considers the documents submitted for issuing consent to the appointment (election) of the applicant's (licensee's) executives within thirty working days from the date of submission of the full package of documents in accordance with the requirements of the regulatory legal act of the authorized body.

Performance of duties (replacement of a temporarily absent) of an executive employee of the applicant (licensee) by a person who does not have the consent of the authorized body for the appointment (election) to the position of an executive employee shall be prohibited except for cases when the duties of the head of the management body are assigned to a member of

the management body or the head of the executive body to a member of the executive body for a period not exceeding sixty calendar days.

5-1. A candidate for the position of the head or member of the management body, who is an independent director, may be agreed both before and after his election to the specified position.

Upon approval of the head or member of the management body who is an independent director, after his election, the documents for approval must be submitted to the authorized body within the period established by part two of paragraph 5 of this article.

After the expiration of the period specified in this paragraph, and in case of failure to submit a complete package of documents for approval to the authorized body or refusal by the authorized body to approve, the applicant (licensee) shall be obliged to take measures to terminate the powers of this executive.

5-2. When the authorized body uses a reasoned judgment in relation to a candidate for the position of an executive employee in accordance with Article 13-5 of the Law of the Republic of Kazakhstan “On State Regulation, Control and Supervision of the Financial Market and Financial Organizations”, the authorized body shall send to the person who submitted the documents for approval of a candidate for the position of an executive, a notice of the formation of a reasoned judgment in relation to a candidate for the position of an executive.

The authorized body suspends the period for consideration of documents submitted to obtain consent to the appointment (election) of candidates for the positions of executive employees of the applicant (licensee), when the authorized body forms a reasoned opinion in relation to these candidates for the positions of executives. This period shall be suspended from the date of sending the draft reasoned judgment to the person who submitted the documents for approval of the candidate for the position of an executive employee until the date of the decision of the authorized body using the reasoned judgment.

6. The procedure for giving consent to the appointment (election) of the applicant's (licensee's) senior executive by the authorized body, including criteria for the lack of impeccable business reputation, the documents necessary for obtaining consent, are established by the regulatory legal acts of the authorized body.

7. The authorized body refuses to issue consent to the appointment (election) of the applicant's (licensee's) executive employees on the following grounds:

1) non-compliance of candidates for positions of executive employees with the requirements established by this Article, paragraph 5 of Article 63 of this Law, subparagraph 20) of Article 1, пунктом 4 Article 54, paragraph 2 of Article 59 of the Law of the Republic of Kazakhstan “On joint-stock companies” and Article 9 of the Law of the Republic of Kazakhstan “On Accounting and Financial Reporting” or a regulatory legal act of the authorized body;

2) a negative testing result.

The negative testing result shall be:

the result of testing a candidate for a position of an executive employee is less than seventy percent of the correct answers;

violation by the candidate for the position of an executive employee of the testing procedure determined by the authorized body;

failure to appear for testing at the appointed time during the period of approval of the candidate for the position of an executive employee by the authorized body;

3) non-elimination of the comments of the authorized body or submission of documents finalized taking into account the comments of the authorized body after the expiration of the period established by the regulatory legal act of the authorized body;

4) violation of the procedure established by the legislation of the Republic of Kazakhstan for the election (appointment) of a candidate for the position of head or member of the management body who is an independent director;

5) submission of documents after the expiration of the period established by part two of paragraph 5-1 of this article, during which a candidate for the position of head or member of the management body, who is an independent director, holds his position without the consent of the authorized body;

6) availability of information (facts) from the authorized body about the commission by the candidate for the position of an executive employee of actions recognized as committed for the purpose of manipulating the securities market and (or) causing damage to a third party (third parties).

This requirement shall apply for one year from the date of the earliest of the listed events:
recognition by the authorized body of the actions of the candidate for the position of an executive employee as committed for the purpose of manipulating the securities market;

receipt by the authorized body of facts confirming the infliction of damage as a result of such actions to a third party (third parties);

7) the presence by the authorized body of information that the candidate for the position of an executive employee was an employee of a financial organization in respect of which the authorized body took supervisory response measures and (or) which was imposed an administrative penalty for an administrative offense provided for by Article 259 of the Code of the Republic of Kazakhstan on Administrative Infractions, for committing actions recognized as committed for the purpose of manipulating the securities market, and (or) by an employee of a financial organization whose actions caused damage to a financial organization and (or) a third party (third parties) participating in the transaction.

This requirement applies within one year of occurrence of the earliest of the events indicated below:

the authorized body's recognition of the actions of a financial organization as committed for the purpose of manipulating the securities market;

the authorized body's receipt of facts confirming the damage caused by the actions of the candidate for the position of an executive employee to a financial institution and (or) a third party(s).

For the purposes of this subparagraph, an employee of a financial organization is understood to mean an executive employee or a person who performed his duties, and (or) a stock exchange trader, whose competence included the making of decisions on issues that entailed the above violations.

The information specified in subparagraphs 6) and 7) of part one of this paragraph, including information received by the authorized body from the financial supervision authority of the state, the resident of which is a financial institution - non-resident of the Republic of Kazakhstan.

8. The licensee shall be obliged to notify the authorized body within five working days from the date of the decision of the relevant body of the licensee about all changes that have occurred in the composition of executive employees, including their appointment (election), transfer to another position, termination of the employment contract and (or) termination of powers, bringing an executive to administrative responsibility for committing a corruption offense, as well as changes in the last name, first name, patronymic (if it is indicated in the identity document) of the executive employee with copies of supporting documents attached.

In the event that an executive employee is held criminally liable, the licensee shall notify the authorized body within five working days from the date when this information became known to the licensee.

9. Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

10. The authorized body has the right to suspend the persons, specified in this article, from official duties, on the basis of sufficient data to recognize the actions (inaction) of the said senior executive (senior executives) of the applicant (licensee) as not meeting the requirements of the legislation of the Republic of Kazakhstan.

11. The authorized body shall revoke the issued consent to the appointment (election) to the position of an executive employee of the applicant (licensee) on the following grounds:

- 1) discovery of false information, which was the basis for giving consent;
- 2) the authorized body's application of the supervisory response measure specified in subparagraph 10) of paragraph 1 of Article 3-5 of this Law;
- 3) the presence of an unexpunged or outstanding criminal record;
- 4) non-compliance of executive employees with the requirements established by this Article, paragraph 5 of Article 63 of this Law, subparagraph 20) of Article 1, paragraph 4 of Article 54 and paragraph 2 of Article 59 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies" and Article 9 of the Law of the Republic of Kazakhstan "On Accounting and Financial Reporting" or a regulatory legal act of the authorized body.

Withdrawal by the authorized body of consent to the appointment (election) of the licensee's executive employee shall be the ground for withdrawal of the previously issued consent (s) to this executive employee in other financial organizations, banking, insurance holding companies, branches of insurance (reinsurance) companies - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan, branches of banks - non-residents of the Republic of Kazakhstan.

The applicant (licensee) shall be obliged to terminate the employment contract with the executive employee or, in the absence of an employment contract, take measures to terminate the powers of the executive employee in cases:

1) withdrawal by the authorized body of consent to the appointment (election) to the position of an executive employee;

2) violation of the procedure established by the legislation of the Republic of Kazakhstan for the election (appointment) of a candidate for a position of an executive employee.

12. With regard to the National Postal Operator, the requirements of this article shall apply to members of its executive body and (or) other managers specified in subparagraph 4) of paragraph 1 of this article, whose duties include supervising issues related to professional activities in the securities market.

13. The requirements of this article regarding the head and members of the management body apply to the head and members of the supervisory board of brokers and (or) dealers without the right to maintain customer accounts as a nominee holder, created in the legal form of a limited liability partnership.

Footnote. Article 54 as amended by Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); as amended by Laws of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); № 168-VI as of 02.07.2018 (see the enforcement procedure in Article 2); dated 02.01.2021 № 399-VI (enforcement Article 2); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 55. Requirements to organizational structure.

1. An organizational structure of a licensee, having two or more licences for implementation of professional activity on securities market, must consist of separate units for each type of activity.

2. A licensee shall not be entitled to assign to employees of one division the execution of functions and responsibilities of employees of another division.

3. Particularities of application of requirements of paragraphs 1 and 2 of this Article shall be established by a regulatory legal act of an authorized body.

Article 55-1. Audit of professional participants in the securities market and major participants in investment portfolio managers

1. The audit of a professional participant in the securities market set up in the organizational legal form of a joint-stock company, a major participant in an investment

portfolio manager, who is a legal entity, is carried out by an audit organization authorized to conduct an audit in accordance with the legislation of the Republic of Kazakhstan on the audit activity and meeting the requirements of paragraph 2 of this article.

A financial year-end audit is mandatory for a professional participant in the securities market set up in the organizational legal form of a joint-stock company, a major participant in an investment portfolio manager, who is a legal entity.

A copy of the audit report shall be submitted to the authorized body within thirty calendar days of receipt of the specified document.

2. The audit report is valid provided that the audit organization:

is independent of the audited professional participant in the securities market, its shareholders and senior executives;

is authorized to carry out the audit activity in accordance with the license and meets the minimum requirements for audit organizations that conduct a mandatory audit of financial institutions, which are developed by the authorized state body for state regulation in the field of the audit activity and control over the activities of audit and professional audit organizations, in coordination with the authorized body or is authorized to carry out the audit activity in accordance with a license issued by the competent authority of the state of its residency.

3. Annual financial statements of a professional participant in the securities market, and in case of presence of a subsidiary (subsidiaries) - consolidated annual financial statements, shall be certified by an audit organization.

4. The audit of an investment portfolio manager and a major participant in the investment portfolio manager, which is a resident legal entity of the Republic of Kazakhstan (if any), shall be carried out by the one and same audit organization.

Consolidated annual financial statements of a major participant in the investment portfolio manager, who is a non-resident legal entity of the Republic of Kazakhstan, owning (having the ability to vote) directly or indirectly twenty-five percent of voting shares of the investment portfolio manager, which is subject to consolidated supervision in the country of its location, shall be confirmed by an audit organization authorized to conduct an audit of financial institutions in the country of location of this major participant that is a non-resident of the Republic of Kazakhstan.

A major participant in the investment portfolio manager, who is a non-resident legal entity of the Republic of Kazakhstan, submits copies of the audit report and recommendations of the audit organization to the authorized body in Kazakh or Russian.

5. The audit report of a professional participant in the securities market set up in the organizational legal form of a joint-stock company, a major participant in the investment portfolio manager does not constitute a trade secret.

6. If a professional participant of the securities market set up in the organizational legal form of a joint-stock company, a major participant in the investment portfolio manager fail to

eliminate flaws affecting the financial situation of the professional participant in the securities market indicated in the audit report, within the time frames set by the authorized body, the latter, until the flaws' elimination, has the right to apply:

measures to improve the financial situation and (or) to minimize risks provided for in Articles 3-5 of this Law - to a professional participant in the securities market;

enforcement measures of supervisory response provided for in paragraph 2 of Article 72-3 of this Law - to a major participant in the investment portfolio manager.

If a major participant in the investment portfolio manager fails to eliminate flaws affecting the financial situation of the investment portfolio manager, which are indicated in the audit report, within one year of receipt of this report by the said persons, the authorized body has the right to apply enforcement measures of supervisory response to the major participant in the investment portfolio manager provided for in paragraph 3 of Article 72-3 of this Law.

7. If opinions and conclusions on financial statements and (or) other information related to financial statements, in terms of recognition of the assets and (or) liabilities of a professional participant in the securities market, a major participant in the investment portfolio manager, set out in the audit report deviate from the results of the audit conducted by the authorized body, the latter has the right to require the audit organization to clarify reasons for such a deviation.

8. In case of identification of risks and flaws in the activities of a professional participant in the securities market, the authorized body has the right to require it to arrange the audit of other information regarding the assessment of the risk management and internal control system, and also the strategy and business model, assessment of the corporate governance system, assessment of the information technology risk management system, evaluation of the effectiveness of the information security system, as well as the effectiveness of the internal control system in the field of countermeasures to the legalization (laundering) of proceeds of crime and the financing of terrorism (hereinafter referred to as the audit of other information), indicating the list of issues to be checked, the audited period and the time frames for the audit organization's submission of an audit opinion on other information to the authorized body.

The audit of other information at the request of the authorized body is mandatory for a professional participant in the securities market.

A professional participant in the securities market audits other information no more than once a year, with regard to one issue, other information is audited no more than once every three years, except for the case provided for in paragraph 10 of this article.

The list of issues to be checked within the audit of other information, the requirements for the content, the time frames for the audit organization's submission of an audit opinion on other information, the requirements for auditors employed by the audit organization engaged to audit other information are established by regulatory legal acts of the authorized body in coordination with the state authorized body for state regulation in the field of the audit activity and control over audit and professional audit organizations.

The audit plan for the audit of other information with a description of proposed areas, scope, nature of the audit, features of the methods and standards used in the audit is subject to the audit organization's prior coordination with the authorized body.

The audit report on the audit of other information is submitted to the authorized body by the audit organization and is not subject to publication.

The results of the audit of other information may be taken into account by the authorized body when applying supervisory response measures.

9. To carry out an audit or audit of other information, a professional participant in the securities market engages an audit organization meeting the minimum requirements for audit organizations that conduct a mandatory audit of financial institutions, which are developed by the authorized state body for state regulation in the field of the audit activity and control over the activity of audit and professional audit organizations, in coordination with the authorized body.

A professional participant in the securities market, a major participant in the investment portfolio manager, within ten working days of concluding an agreement to conduct an audit or audit of other information, shall notify the authorized body of the choice of an audit organization. In case of an audit of other information, a professional participant in the securities market has the right to petition the authorized body for the conduct of audit of other information by an organization that is not an audit organization, in a way other than an audit.

The petition of a professional participant in the securities market is considered by the authorized body within five working days.

The requirements for the procedure for auditing other information established by this article shall apply to the procedure for verifying other information in a way other than an audit.

The authorized body has the right to provide the audit organization with information and comments on the results of inspections of persons specified in paragraph 1 of this article, as well as other information related to their activity, including that based on a reasoned judgment of the authorized body, and also information constituting a trade secret in the securities market, without the consent of the persons specified in paragraph 1 of this article prior to the audit organization's audit report and (or) audit report on the audit of other information.

The audit organization carries out mandatory assessment and analysis of information sent by the authorized body in accordance with part five of this paragraph. The audit organization uses the assessment and analysis results to express opinions and conclusions contained in the audit report or the audit report on other information.

10. If a court recognizes the audit report and (or) the audit report on other information as invalid, a professional participant in the securities market, a major participant in the investment portfolio manager are required to conduct an audit and (or) audit of other information again.

11. The authorized body has the right to request information from the audit organization, including information constituting a trade secret in the securities market, and also that regarding the list of clients. Information on clients is provided with the consent of the audit organization's clients.

12. The requirements of paragraphs 8, 9, 10 and 11 of this article shall not apply to a transfer-agent and the single operator.

Footnote. Chapter 9 is supplemented with Article 55-1 in accordance with Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 56. Ban on inequitable conduct. Manipulation on securities market

1. On the securities market it shall be prohibited to:

1) influence in any form the subjects of the securities market in order to change their behavior in the securities market;

2) disseminate false information in order to influence the situation on the securities market;

3) manipulate on the securities market;

4) distribute insider information and (or) make transactions using it.

Persons, who violated the requirements of part one of this paragraph, shall bear responsibility established by this Law and other laws of the Republic of Kazakhstan.

A transaction made for the purpose of manipulating the securities market may be declared invalid by a court at the suit of interested parties.

2. Recognition of the actions of a securities market entity and other persons as committed for the purpose of manipulating the securities market shall be carried out by the authorized body based on the results of consideration of the conclusion of an expert committee established to consider the issues of recognizing the actions of a securities market entity as committed for the purposes of manipulating the securities market (hereinafter in this article the expert committee).

3. Is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

4. The procedure for the creation and operation of the expert committee, as well as its quantitative composition, are established by the regulatory legal act of the authorized body. The regulation on the expert committee is approved by the decision of the authorized body.

5. The actions of securities market entities shall be subject to monitoring and analyzing in order to identify facts of manipulation in the securities market, aimed at establishing and (or) maintaining prices for securities above or below those established as a result of an objective correlation of demand and (or) supply, and (or) to form an inaccurate and (or) misleading representation in relation to the demand and (or) supply, and (or) the price of securities, and (or) to create the appearance of trading in a security, committed through:

1) conclusion of a transaction and (or) announcement of an application for the purchase and (or) sale of securities on the organized securities market;

2) distribution by any means of unreliable and (or) misleading information about securities, transactions with them, as well as about the issuer of securities and its activities.

The conditions under which the actions of securities market entities and other persons with regard to other financial instruments are subject to monitoring and analyzing in order to they were made for the purposes of manipulation are determined by the regulatory legal act of the authorized body.

6. The procedure and conditions for recognizing the actions of a securities market entity and other persons as committed for the purposes of manipulation on the securities market are determined by the regulatory legal act of the authorized body and internal documents of the stock exchange.

7. Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

8. Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Footnote. Article 56 is in the wording of the Law of the Republic of Kazakhstan dated 23.10.2008 № 72-IV (shall be enforced from 01.01.2009); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 56-1. Restrictions on the disposition and use of insider information

1. Internal documents of an issuer shall establish:

- 1) list of information related to insider information;
- 2) procedure and terms of disclosure of insider information;
- 3) internal control rules for delimitation of rights of access to insider information and to prevent the possibility of misuse of such information by insiders;
- 4) procedure of conducting, maintaining up to date the list of persons with access to insider information, and also excluding them from the list;
- 5) procedure and terms of notice of persons in case of their inclusion (exclusion) from the list specified in subparagraph 4) of paragraph 5 of this article, as well as informing persons in case, established by subparagraph 5) of paragraph 5 of this article;
- 6) procedure and terms of furnishing of information to an issuer by legal entities specified in subparagraphs 2), 3), 4) and 7) of paragraph 3 of this article, about their employees that possess in virtue of his official position and employment duties an access to insider information of an issuer;
- 7) other provisions allowing to an issuer to exercise control over the disposition and use of insider information.

Internal documents of an issuer specified in this paragraph (hereinafter in this Article - the internal control regulations) must be approved by management body of an issuer.

2. Insider information shall not include:

1) information prepared on the basis of publicly available information, including research, forecasts and evaluation of the value of securities (derivative financial instrument), the property status of an issuer, made for the purposes of making investment decisions and (or) preparation of recommendations or proposals on implementation of operations with securities (derivative financial instruments);

2) information received from the mass media;

3) unconfirmed information, the source of that is unknown, distributed among a wide range of persons, as well as assumptions about the planned or current activities of an issuer.

3. As insiders shall be recognized the following persons:

1) employees of an issuer with access to insider information due to their employment status and employment duties;

2) persons with access to insider information by virtue of ownership, use and (or) dispose directly or indirectly of ten or more percent of voting shares (stakes of participation in charter capital) of an issuer;

3) audit organization, appraiser, professional participants of securities market and other persons rendering services to an issuer in accordance with concluded agreement (including verbal), the conditions of that provide for disclosure of insider information;

4) organizer of an auction, the list of that includes securities (derivative financial instruments) issued (provided) by an issuer;

5) members of the board of directors and the listing commission of a stock exchange, in whose trading system transactions with the issuer's securities and other financial instruments are made;

6) employees of the authorized body, the National Bank of the Republic of Kazakhstan and its departments, civil servants who have access to insider information due to the functions and powers assigned to them;

7) public associations and self-regulatory organizations, members of that are issuers and organizations mentioned in subparagraph 2), 3) and 4) of this paragraph, that have due to the provided to them authorities access to insider information;

8) employees of organizations indicated in subparagraphs 2), 3), 4) and 7) of this paragraph having access to insider information due to their employment status and employment duties;

9) persons received insider information from persons specified in subparagraphs 1) - 8) of this paragraph.

4. It is forbidden to:

1) use insider information when making transactions with securities (derivative financial instruments);

2) transfer to third parties or make available to third parties insider information, except for cases stipulated by Laws of the Republic of Kazakhstan;

3) recommend or offer third parties to make transactions with securities based on insider information.

5. An issuer shall be obliged to secure control over disposition and use of insider information on an issuer and issued (rendered) by him securities (derivatives of financial instruments), through the following activities including, but not be limited to measures:

1) disclosure according to the procedure and on conditions established by a regulatory legal act of an authorized body of information concerning its activities that is not publicly available, if that information in connection with consequences for the property and financial situation of an issuer shall be able to influence on value of the issued (provided) by this issuer securities (derivatives of financial instruments);

2) development and approval of rules of internal control and supervision over fulfillment of the requirements of these rules by an issuer and its employees;

3) establishment of the structural divisions or appointment of the official that in responsibility include execution of control over compliance by an issuer and its officers and employees of the requirements of the legislation of the Republic of Kazakhstan and internal control rules;

4) running and maintenance up to date a list of persons with access to insider information of an issuer specified to in subparagraphs 1), 2), 3) and 4) of paragraph 3 of this article;

5) notice of persons included in a list specified in subparagraph 4) of this paragraph on their inclusion and exclusion to a list (from the list), and informing the specified persons on the requirements of this Law and the rules of internal control of disposition and use of insider information;

6) presentation of a list of persons included in a list specified in subparagraph 4) of this paragraph to an authorized body upon its request;

7) implementation of other activities provided for by the rules of internal control.

6. Legal entities specified in subparagraphs 2), 3), 4) and 7) of paragraph 3 of this Law shall be obliged to:

1) maintain a list of their employees, that have in virtue of their official position and employment access to insider information of issuers and insiders in respect of that has been recognized these legal entities;

2) inform their employees about the requirements of this Law regarding the prohibition on the use of insider information and internal control rules by insiders in respect of that has been recognized these legal entities;

3) inform issuers and insiders in respect of that has been recognized the data of legal entities, their employees that possess in virtue of his official position and employment duties access to insider information of issuers, in procedure and terms established by the rules of internal control.

Footnote. Article 56-1 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Laws of the Republic of Kazakhstan № 206-V as of 10.06.2014 (shall be enforced ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (see the enforcement procedure in Article 2); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Chapter 10. nominal holding of securities

Article 57. The procedure of implementation of nominal holding of securities

1. The central securities depository, custodian and broker and (or) dealer having the right to maintain client accounts as a nominal holder of securities, an organization that registers transactions with securities on the territory of the International Financial Center Astana, and a single an operator in terms of the nominal holding of securities owned by the state, subjects of the quasi-public sector or in relation to which the state, subjects of the quasi-public sector have property rights, are entitled to provide the services of nominal holding.

2. Nominee holding of securities shall be carried out by a licensee in accordance with conditions of concluded with client contract establishing the rights of a licensee in respect of securities transferred to nominal holding.

3. The custodian and the broker and (or) the dealer with the right to maintain customer accounts as a nominee holder shall, within three working days after entering into a nominee holding agreement with the customer, open a personal account for the customer in the nominee holding accounting system, as well as accounts (sub-accounts) in the accounting system of the central depository in the manner determined by the regulatory legal act of the authorized body and the set of rules of the central depository.

In the system of registers of securities holders, non-government securities transferred into nominee holding are accounted for in the manner determined by the regulatory legal act of the authorized body and the set of rules of the central securities depository.

The procedure for opening a personal account in the accounting system of nominal holding shall be established in internal documents of the nominal holder.

4. Procedure of implementation of nominal holding of securities shall be established by internal documents of licensees in accordance with the requirements of this Law and the terms of nominal holding agreement.

5. Levy of execution for obligations of a nominal holder on financial instruments belonging to clients of nominal holder shall not be allowed.

Footnote. Article 57 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 23.10.2008 № 72-IV (the order of the entry into force see Article 2); № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); № 184-VI as of 05.10.2018 (shall be

enforced ten calendar days after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 02.01.2021 № 399-VI (effective from 01.07.2021).

Article 58. Obligations of nominal holder

A nominal holder shall be obliged to:

1) carry out constant control to prevent errors and distortion of the information contained in personal account of a client;

2) keep information contained in the accounting system of nominal holding and establish or restore the sequence of changes made in personal account of a client;

3) make changes in personal account of a client according to the procedure and terms established by this Law;

3-1) submit electronic data from the nominee holding accounting system to the central depository accounting system in the volumes, procedure and terms established by the regulatory legal act of the authorized body and the set of rules of the central depository;

4) provide a client with reliable information in accordance with a concluded agreement on nominal holding.

Footnote. Article 58 as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Article 59. Functions of a nominal holder. Prohibition connected with implementation of functions of nominal holder

1. functions of nominal holder shall be:

1) accounting of securities of a client and securing their availability for transactions with securities;

2) registration of transactions with securities of a client;

3) confirmation of rights of a client on securities;

4) representation of interests of a client upon conclusion of transactions with securities transferred in nominal holding;

4-1) voting at general meetings of shareholders on behalf of clients without a power of attorney in accordance with a written instruction from these clients, including with the use of information and communication technologies;

5) informing client about information relating to securities transferred in nominal holding;

6) other functions in accordance with a contract on nominal holding, not contradicting to the legislation of the Republic of Kazakhstan.

2. A nominal holder shall be prohibited to:

1) carry out registration of a transaction with securities that does not comply with the requirements of the legislation of the Republic of Kazakhstan on securities market;

1-1) make changes in the personal account (sub-account) of a client, not corresponding to requirements of the legislation of the Republic of Kazakhstan;

2) carry out registration of transactions with securities without a client's order, except for the cases stipulated by this Law and a regulatory legal act of an authorized body;

3) use money and securities of a client in their own interests or in interests of third parties without a written consent of a client, except for cases established by the legislation of the Republic of Kazakhstan.

3. On the territory of the Republic of Kazakhstan a nominal holder shall not be entitled to provide services of a nominal holding to another nominal holder in respect of securities transferred to him in nominal holding, except for:

1) central depository;

2) custodians in their provision of services of a nominal holding in respect of foreign securities or foreign companies carrying out functions established by paragraph 1 of this article\$

3) an organizations registering transactions with securities in the territory of the Astana International Financial Center.

Footnote. Article 59 as amended by the Law of the Republic of Kazakhstan dated 23.10.2008 № 72-IV (shall be enforced from 01.01.2010); № 184-VI as of 05.10.2018 (shall be enforced ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Article 60. Contract on nominal holding

1. Legal relations between nominee holder and his customer shall be regulated by a contract between them on nominal holding. To a contract on nominal holding, the rules of a contract of agency in accordance with the civil legislation of the Republic of Kazakhstan.

2. Before conclusion of a contract on nominal holding, a nominal holder shall be obliged to acquaint a client with conditions of the execution of its activities as a nominal holder.

3. A contract on nominal holding must contain:

1) scope of a contract;

2) rights and obligations of parties, including obligations of a nominal holder on keeping of commercial secrets on the personal account of a client;

2-1) conditions for opening a sub-account for a client and disclosure of information about it in the accounting system of the central depository;

3) is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

4) procedure for confirmation of rights of a client on securities transferred in nominal holding;

5) the size and procedure of payment of services of a nominal holder;

6) the form and frequency of reporting of nominal holder before the customer;

7) responsibility of parties for violation of contract conditions;

8) the conditions and procedure for acquisition of income on securities.

In addition to the above-mentioned provisions, a contract can contain any other conditions that do not contradict to the legislation of the Republic of Kazakhstan.

Footnote. Article 60 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 02.01.2021 № 399-VI (effective from 01.07.2021).

Article 61. Registration of transactions with securities that are under nominal holding

1. Registration of a transaction with securities in nominee holding shall be carried out by a nominee holder in the manner determined by the regulatory legal act of the authorized body.

2. The depositor's customer, information about which is disclosed in the accounting system of the central depository, shall be entitled to receive an extract on the state of his sub-account in the accounting system of the central depository.

In case of discrepancy of information on the number, type of securities specified in the extract from personal account in the accounting system of nominal holding such information in a sub-account in the accounting system of central depository shall have priority information specified in the accounting system of central depository.

Procedure for submission of extract from sub-account in the accounting system of central depository shall be established by its internal documents.

3. is excluded by the Law of the Republic of Kazakhstan dated 19.02.2007 № 230.

4. A client of a broker that is a nominee holder has the right to contact a custodian and receive a statement of his/her/its securities and other financial instruments transferred for custodial service.

The conditions and procedure for issuing a statement are established by this Law, regulatory legal acts of the authorized body, and internal documents of the custodian.

Footnote. Article 61 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 19.02.2007 № 230 (the order of the entry into force see Article 2); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); dated 02.01.2021 № 399-VI (effective from 01.07.2021).

Article 62. Disclosure of information by a nominal holder

1. A nominee holder is obliged to provide, at the request of the central securities depository and the issuer, information about clients whose securities are in its nominee holding.

Procedure of submission of information specified in the first part of this paragraph shall be established by a regulatory legal act of an authorized body.

2. is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

Footnote. Article 62 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Chapter 11. Brokerage and dealer activity on securities market

Article 63. The procedure of implementation of brokerage and (or) dealer activity

1. Brokerage activity and dealer activity on securities market shall be carried out on the basis of a licence for implementation of brokerage and dealer activities.

Licence for implementation of brokerage and dealer activities can be with the right to handle accounts of clients as a nominal holder or without the right to maintain accounts of clients.

In cases established by legislative acts of the Republic of Kazakhstan, an authorized body shall be entitled to issue a licence for dealer activity.

A broker and (or) a dealer have the right to carry out the following banking operations on the basis of an appropriate license for certain types of banking operations issued by the authorized body:

- 1) opening and maintaining bank accounts of legal entities;
- 2) opening and maintaining bank accounts of individuals;
- 3) transfer operations: execution of orders of individuals and legal entities for payments and money transfers;
- 4) bank borrowing operations on conditions of payment of interest, maturity and repayment;
- 5) exchange operations with foreign currency, except for exchange operations with foreign currency in cash.

The procedure for carrying out banking operations by a broker and (or) a dealer, provided for in this paragraph, is determined by regulatory legal acts of the authorized body.

2. A broker and (or) a dealer shall comply with the requirements for the procedure and conditions for making transactions with issue-grade securities and other financial instruments established by this Law, other legislative acts of the Republic of Kazakhstan, regulatory legal acts of the authorized body.

A broker and (or) a dealer are liable under the laws of the Republic of Kazakhstan for violating the procedure and (or) conditions for making transactions with issue-grade securities and other financial instruments established by this Law, regulatory legal acts of the authorized body.

3. The relationship between a broker and his client shall arise on the basis of a contract for the provision of brokerage services to that the rules of a contract of agency or commission established by the Civil Code of the Republic of Kazakhstan shall be applied.

Norms of the contract of agency shall be applied in the part of provision of services of a nominal holding, and the provisions of the contract of commission in the part of providing brokerage services on organized securities market. Brokerage services in an unorganized securities market shall be provided on the basis of a contract of agency or commission upon agreement of parties of a brokerage agreement.

3-1. A broker and (or) a dealer, who is a nominee holder, shall have the right to provide electronic services to its clients in accordance with the procedure and on the conditions established by the authorized body, including opening a personal account, concluding

transactions with securities and other financial instruments, as well as performing information transactions.

3-2. A broker and (or) dealer, taking into account the specifics established by this Law, shall have the right to provide its clients with consulting, information services on issues related to transactions in unorganized (over-the-counter) foreign currency and stock markets, as well as in organized and unorganized securities markets of the Republic Kazakhstan, and (or) services for the conclusion of transactions in these markets at the expense and in the interests of clients.

Only brokers and (or) dealers are entitled to provide services specified in part one of this paragraph, to individuals in the territory of the Republic of Kazakhstan.

4. An organizational structure of broker and (or) dealer with the right to handle client accounts as a nominal holder must include the following structural subdivisions:

- 1) trading division carrying out conclusion of transactions with financial instruments;
- 2) estimated division carrying out execution of transactions with financial instruments, accounting of financial instruments and money of this broker and (or) dealer and his clients.
- 3) other structural subdivisions in accordance with regulatory legal acts of an authorized body and internal documents of broker and (or) dealer with the right to handle client accounts as a nominal holder.

5. Executive officials of trading division of broker and (or) dealer with the right to handle client accounts as a nominal holder shall not be entitled to execute duties of executive employees of the estimated division of broker and (or) dealer and vice versa.

6. is excluded by the Law of the Republic of Kazakhstan dated 19.02.2007 № 230.

Footnote. Article 63 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 05.06.2006 № 146 (the order of the entry into force see Article 2); dated 19.02.2007 № 230 (the order of the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 64. Conclusion of transactions by a broker and (or) dealer

1. Broker and (or) dealer shall conclude transactions with financial instruments, in accordance with an order of a client and (or) on the basis of the conditions stipulated in the margin transactions previously concluded by the client. Types of orders of clients, their content and formation shall be established by a regulatory legal act of an authorized body and internal documents of broker and (or) dealer.

2. Execution of an order of a client shall be carried out by a broker and (or) dealer with observance of conditions of making a transaction, specified in an order. If, on conclusion of a

transaction arises a necessity to change the conditions of a transaction, a broker and (or) dealer shall coordinate his actions with a client.

In case of a conflict of interests, a broker and (or) dealer must make a transaction, based on priority of client's interests above their own interests.

2-1. is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

2-2. In the course of the brokerage and (or) dealer activity in the securities market, a broker and (or) a dealer shall not be entitled to use their clients' money, securities and other financial derivative instruments, in the broker's accounts, in their own interests or in the interests of third parties, with the exception of cases established by the regulatory legal act of the authorized body.

3. Broker and (or) dealer shall be entitled to provide an issuer with the following services on:

1) issuance and placement of issuance securities as an underwriter or as in composition of underwriting consortium;

2) announcement and support quotations of financial instrument in accordance with internal documents of stock exchange;

3) providing consulting services on issues of inclusion and location of securities in the official list of stock exchange.

Broker and (or) dealer upon providing services to an issuer specified to in subparagraph 1) of the first part of this paragraph shall not be entitled to be a representative of holders of bonds of this issuer.

4. Conditions and procedure of execution by participants of underwriting consortium of activity on issue and placement of issuance securities shall be determined by a contract of joint activity of underwriters, that are parties to the underwriting consortium, that must contain the following information:

1) functions of participants of underwriting consortium;

2) distribution of rights, duties and responsibility between participants of underwriting consortium;

3) validity of a contract on joint activity.

5. Relations between an issuer and underwriter (underwriting consortium) shall be regulated by a contract concluded in a written form.

6. Underwriter (underwriting consortium) shall be entitled to placement of issuance securities by the following means:

1) method of "firm commitments" under that the underwriter (underwriting consortium) shall buy from an issuer all the placed issuance securities for the purposes of their further sale to other investors;

2) method of "best effort" in that the underwriter (underwriting consortium) shall be obliged to make all possible for him efforts to placement of issuance securities by their proposals to investors;

3) other ways of placing issuance securities in accordance with conditions of a contract between an issuer and underwriter (underwriting consortium).

Footnote. Article 64 as amended by the Laws of the Republic of Kazakhstan dated 19.02.2007 № 230 (the order of the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Chapter 12. Activity on maintenance of system of registers of securities holders

Footnote. Chapter 12 is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Chapter 13. Activity on managing an investment portfolio. Activity on investment management of retirement assets

Article 69. Implementation of an activity on managing an investment portfolio

1. The conditions and procedure for the investment portfolio management are established by legislative acts of the Republic of Kazakhstan and (or) regulatory legal acts of the authorized body.

The conditions and procedure for the investment portfolio management by an insurance company operating in the "life insurance" industry and having a license to carry out the investment portfolio management activity in the securities market are determined by the regulatory legal act of the authorized body.

The activities of investment portfolio managers, who are insurance companies licensed to carry out the investment portfolio management activity in the securities market, are carried out with account of the features established by the Law of the Republic of Kazakhstan "On Insurance Activities".

2. Activity on managing an investment portfolio shall include the following sub-types of activities:

1) Activity on managing an investment portfolio with the right to attract voluntary pension contributions (voluntary accumulative pension fund);

2) Activity on managing an investment portfolio without the right to attract voluntary pension contributions.

3) Activity on managing an investment portfolio shall be carried out with the purpose of receipt of income in the interests of a client.

4) Rights of managers of investment portfolio in respect of financial instruments that are under their management shall be recorded by the nominal holders, in accordance with their internal documents.

Footnote. Article 69 is in the wording of the Law of the Republic of Kazakhstan dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Laws of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (shall be enforced from 01.10.2018).

Article 70. Functions of managers of an investment portfolio

1. Functions of managers of an investment portfolio shall be:

1) taking decisions on investment of money in issuance securities and other financial instruments in accordance with the requirements of a regulatory legal act of an authorized body;

2) interaction with subjects of securities market in the process of investment portfolio management for the purposes of execution of taken investment decisions;

3) conducting accounting of concluded transactions with issuance securities and other financial instruments according to the procedure established by a regulatory legal act of an authorized body and their internal documents;

4) execution of terms of a contract on managing an investment portfolio.

2. The investment portfolio manager with the right to attract voluntary pension contributions, in addition to the functions provided for in paragraph 1 of this article, shall perform the functions prescribed by the Social Code of the Republic of Kazakhstan.

An insurance organization operating in the "life insurance" industry and investment portfolio management, in addition to the functions provided for in paragraph 1 of this article, shall perform the functions provided for by the Law of the Republic of Kazakhstan "On Insurance Activities".

3. Managers of an investment portfolio shall be entitled to exercise in respect of issuance securities and other financial instruments under management, the right to use and disposal of them, unless otherwise provided for by the legislation of the Republic of Kazakhstan.

Footnote. Article 70 is in the wording of the Law of the Republic of Kazakhstan dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.10.2018); dated 20.04.2023 № 226-VII (shall be enforced from 01.07.2023).

Article 71. Prohibition connected with implementation of activity on managing an investment portfolio or activity on investment management of retirement assets

Footnote. Article 71 is excluded by the Law of the Republic of Kazakhstan dated 07.07.2004 № 577

Article 72. Activity of investment committee. Requirements to the members of an investment committee

1. Except cases specified by legislative acts of the Republic of Kazakhstan, taking of investment decisions concerning the own assets of a professional participant of securities market and (or) assets accepted by professional participant of securities market (manager of an investment portfolio) to investment management, shall be carried out by an investment committee, in composition of that must be at least three persons. At least half of the members of an investment committee must be executive employees of the professional participant of securities market, obtaining the consent of an authorized body on their appointment (election) as executive employees of the professional participant.

The requirements of this paragraph shall not apply to a transfer agent, as well as a bank and a branch of a non-resident bank of the Republic of Kazakhstan that have a license to carry out custodial and (or) brokerage and (or) dealer activities in the securities market.

2. Election of members of an investment committee shall be carried out by an executive body of a professional participant securities market.

3. To the composition of an investment committee of manager of investment portfolio must not include persons that are not employees of this manager of investment portfolio.

3-1. Regulatory legal act of an authorized body shall be established additional requirements for membership of an investment committee of manager of investment portfolio with the right to attract voluntary pension contributions and also manager of investment portfolio, carrying out in accordance with a contract concluded with the National Bank of the Republic of Kazakhstan, pension assets management.

4. A meeting of an investment committee shall be held on condition of participation in it not less than half of the total number of the elected members of an investment committee, but not less than three members of an investment committee.

Decisions of an investment committee shall be taken by a majority of votes of members participating in the meeting, and shall be formed in written form.

5. Member of an investment committee shall not be entitled to delegate the execution of its functions in the part of taking an investment decisions by other persons.

6. Members of an investment committee shall be obliged to bring to the attention of an executive body of a professional participant of securities market the information on presence of circumstances by virtue of that the interests of this member of an investment committee and the interests of a professional participant of securities market and (or) clients whose assets are transferred to him in investment management, are inconsistent internally.

In the event of circumstances specified in part one of this paragraph, a member of an investment committee shall not be entitled to participate in a meeting of an investment committee and somehow influence on taken by investment committee decisions.

7. On results of meetings of an investment committee shall be made a protocol that shall be signed by the chairman and all members of an investment committee, attending a meeting

of an investment committee, and shall contain the opinion of each member of an investment committee and the legal background for the taken decision.

8. Upon systematic (three and more times during the last twelve months) taking by an investment committee of decisions on making transactions at the expense of own assets of a professional participant of securities market or assets of clients transferred to the investment management of a professional participant of securities market, providing for the inappropriate use of these assets, violation of the requirements of the legislation of the Republic of Kazakhstan the investment declaration, an authorized body shall be entitled to disqualify a person or persons voting for the adoption of such decisions, from execution of duties of members of an investment committee.

Notice of an authorized body on disqualification of a person or persons from execute the duties of the members of an investment committee shall be bring to information to the executive body of a professional participant of securities market, that, no later than the day following the day of receipt of a notification of an authorized body shall be obligated to bring it to the attention of persons suspended by an authorized body from execution of duties of members of an investment committee.

9. From the moment of bringing to information to a member of an investment committee of the notification of an authorized body, specified in paragraph 8 of this article, the person shall not be entitled to participate in the work of an investment committee and cannot be elected to the composition of an investment committee of the organizations specified in paragraph 1 of this Article within three years after taking a decision by an authorized body on his dismissal from execution of obligations of a member of an investment committee.

Footnote. Article 72 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Article 72-1. Major participant of managing of an investment committee

1. No one independently or jointly with other (other) person (s) cannot (cannot), directly or indirectly, own, use and (or) dispose of ten or more percent of placed (excluding preferred and redeemed) shares of manager of an investment portfolio, as well as have control or possibility to influence on taken by managing investment portfolio decisions in the amount of ten or more percent of placed (excluding preferred and redeemed) shares of manager of an investment portfolio without obtaining a prior written consent of an authorized body. Legal entities-non-residents of the Republic of Kazakhstan can obtain the consent of an authorized body to acquire a status of a major participant of managing investment portfolio upon

availability of minimal required rating of one of the rating agencies. The minimum required rating and a list of rating agencies shall be established by regulatory legal act of an authorized body.

Availability of such a rating shall not be required to a legal entity-non-resident of the Republic of Kazakhstan, assuming indirectly own ten or more percent of voting shares of a manager of an investment portfolio or vote indirectly ten or more percent of voting shares of managing investment portfolio through ownership (voting) of shares (stakes of participating in the charter capital) of a legal entity-non-resident of the Republic of Kazakhstan that is a major participant of managing investment portfolio directly owning ten or more percent of placed (excluding preferred and redeemed) shares of manager of an investment portfolio or having the possibility to vote with ten or more percent of voting shares of managing investment portfolio, that have the minimum required rating.

1-1. A legal entity - non-resident of the Republic of Kazakhstan may be a shareholder of an investment portfolio manager carrying out trust management of pension assets, provided that there is a minimum required rating from one of the rating agencies. The minimum required rating and the list of rating agencies are established by the regulatory legal act of the authorized body.

The share of ownership by an individual - non-resident of the Republic of Kazakhstan of the shares of the investment portfolio manager, carrying out trust management of pension assets, may not exceed ten percent of the total number of voting shares of the investment portfolio manager, carrying out trust management of pension assets.

2. Shall not be major participants of managing investment portfolio the shareholders, that jointly owns ten percent or more of placed (excluding preferred and redeemed) or voting shares of managing investment portfolio, and acting on the basis of concluded between them agreement providing taking by them decisions on the following issues:

1) convening of extraordinary general meeting of shareholders or production before the court with a claim to call in case of refusal of the board of directors to convene of general meeting of shareholders;

2) the inclusion of additional issues in the agenda of a general meeting of shareholders;

3) the convening of a meeting of the board of directors;

4) conduction of audit of managing investment portfolio for its own account.

2-1. The requirements for obtaining the status of a major participant in the investment portfolio manager do not apply to a state, and also to a person recognized as indirectly owning (able to vote, shape and (or) influence decisions made by virtue of an agreement or otherwise) (with) shares of the investment portfolio manager through the ownership (the ability to vote, shape and (or) influence decisions made by virtue of an agreement or otherwise) of (with) shares of:

another financial institution with the status of a major participant in the specified investment portfolio manager;

another legal entity that does not need the consent of the authorized body to obtain the status of a major participant, in accordance with paragraph 5-1 of Article 2 of the Law of the Republic of Kazakhstan “On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Pension Issues” as of June 21, 2013.

3. Rules for issuance, withdrawal of consent for acquisition of the status of a major participant of managing investment portfolio, requirements for documents submitted for acquisition of specified agreement shall be defined by an authorized body.

4. To obtain the consent a person willing to become a major participant of managing investment portfolio shall be obliged to submit to an authorized body an application on acquiring the status of a major participant of manager of an investment portfolio with the documents and information specified in paragraphs 6 - 10 of this article.

5. The amount paid by major participants in the investment portfolio manager, who are individuals, for shares of the investment portfolio manager shall not exceed the value of property owned by them. In addition, the value of the property (minus the value of earlier acquired shares of the investment portfolio manager) shall not be less than the total value of earlier acquired shares and acquirable shares of the investment portfolio manager.

6. To obtain the consent for acquisition of a status of a major participant of managing investment portfolio an individual shall submit the following documents:

1) copies of documents confirming the procedure and conditions for the acquisition of shares.

Sources used for acquisition of shares of managing investment portfolio shall be:
income received from entrepreneurial, labor, or other paid activities;
monetary accumulation of an applicant, certified documentarily.

In addition to the sources specified in part two of this subparagraph, for acquisition of shares of managing investment portfolio can be used the money received as a gift, winnings, income from the sale of property received free of charge, in an amount not exceeding twenty-five percent of the value of acquired shares of managing investment portfolio.

Upon acquisition of shares managing investment portfolio at the expense of property received as a gift, the applicant shall submit information on the giver and sources of origin of such property by the giver;

2) is excluded by the Law of the Republic of Kazakhstan dated 25.11.2019 № 272-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication);

3) information on legal entities in which it is a major participant, in the form provided for by the regulatory legal act of the authorized body;

4) plan for recapitalization of the investment portfolio manager in cases of possible deterioration of the financial position of the investment portfolio manager;

5) is excluded by the Law of the Republic of Kazakhstan dated 25.11.2019 № 272-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication);

6) information on income and property, as well as information on the existing debt for all obligations of the applicant in accordance with the form established by the regulatory legal act of the authorized body, and an individual - a resident of the Republic of Kazakhstan, also a copy of the declaration of assets and liabilities, notarized or certified by the state revenue body, submitted in the manner prescribed by the tax legislation of the Republic of Kazakhstan - within thirty calendar days preceding the date of submission to the authorized body of an application for acquiring the status of a major participant in the investment portfolio manager, and a copy of the income and property declaration, notarized or certified by the state revenue authority, submitted in in the manner and terms established by the tax legislation of the Republic of Kazakhstan.

Information in the declaration of assets and liabilities shall be indicated as of the first day of the month in which the declaration of assets and liabilities is submitted;

7) brief information about the applicant in the form provided for by the regulatory legal acts of the authorized body, including information about education, labor activity, impeccable business reputation. Non-resident individuals, in order to prove their impeccable business reputation, submit a document confirming the absence of an unexpunged or unspent criminal record issued by the relevant state body of the country of their citizenship, and stateless persons - the country of their permanent residence (the date of issue of this document cannot be more than three months preceding the date of filing an application);

8) a written confirmation of the relevant state body of the country of residence of an individual - non-resident of the Republic of Kazakhstan that the acquisition of shares of the investment portfolio manager - resident of the Republic of Kazakhstan is permitted by the legislation of this country, or that such permission is not required.

6-1. If an individual has come to comply with the signs of a major participant in the investment portfolio manager without obtaining prior written consent of the authorized body on the basis of a gift agreement, when applying for the said status in accordance with the requirement established by paragraph 14 of this article, it is necessary to additionally submit:

1) copies of documents confirming the conditions and procedure for donating shares of the investment portfolio manager;

2) the documents provided for by subparagraphs 3), 4), 6), 7) and 8) of paragraph 6 of this article;

3) information on the value of shares that are the subject-matter of a gift agreement, which is determined by the appraiser in accordance with the legislation of the Republic of Kazakhstan.

At the same time, in order to obtain additional consent to obtain the status of a major participant in an investment portfolio manager from an individual, who acquired shares of the

investment portfolio manager as a result of a gift agreement, it is necessary to observe the following conditions by the date of submission of an application for the status of a major participant in an investment portfolio manager:

1) the value of the property (minus the value of earlier acquired shares of the investment portfolio manager) owned by an individual shall not be less than the total value of the shares that are the subject-matter of the gift agreement and the shares of the investment portfolio manager earlier acquired by him/her;

2) income received from the individual's entrepreneurial, labor or other paid activities, as well as his/her documented money savings, shall be at least seventy-five percent of the value of the donated shares of the investment portfolio manager determined by the appraiser.

7. To obtain the consent for acquisition of the status of a major participant of managing investment portfolio legal entity-resident of the Republic of Kazakhstan shall submit the following documents:

1) copies of the decision of the applicant's body on the acquisition of shares of the investment portfolio manager, as well as a list of the applicant's affiliates (in the absence of information on the Internet resource of the financial reporting depository);

2) information and supporting documents about persons (independently or jointly with other persons) owning, directly or indirectly, ten or more percent of the shares (stakes in the authorized capital) of a legal entity, as well as having the ability to determine the decisions of this legal entity by virtue of an agreement or otherwise to have control;

3) information and documents specified in subparagraphs 1), 3) and 4) of paragraph 6 of this article;

4) is excluded by the Law of the Republic of Kazakhstan dated 25.11.2019 № 272-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication);

5) is excluded by the Law of the Republic of Kazakhstan dated 25.11.2019 № 272-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication);

6) brief information about the applicant's top executives in the form provided for by the regulatory legal acts of the authorized body, including information about education, labor activity, impeccable business reputation. Non-resident individuals, in order to prove their impeccable business reputation, submit a document confirming the absence of an unexpunged or unspent criminal record issued by the relevant state body of the country of their citizenship, and stateless persons - the country of their permanent residence (the date of issue of this document cannot be more than three months preceding the date of filing an application);

7) annual financial statements for the last two completed fiscal year audited by an audit organization, and financial statements for the last finished quarter before submission of the corresponding application;

Annual financial statements are not submitted by the applicant if these statements are posted on the Internet resource of the financial statements depository;

8) is excluded by the Law of the Republic of Kazakhstan dated 25.11.2019 № 272-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

8. To obtain the consent for acquisition of the status of a major participant of managing investment portfolio legal entity-resident of the Republic of Kazakhstan shall submit the following documents:

1) information and documents specified in subparagraphs 1), 3) and 4) of paragraph 6 and subparagraphs 1), 2), 6) and 7) of paragraph 7 of this Article;

The requirements of subparagraph 3) of paragraph 6 of this article and subparagraphs 5) and 7) of paragraph 7 of this article regarding the applicant's presentation of notarized copies of constituent documents and financial statements for the last completed quarter do not apply to a non-resident legal entity of the Republic of Kazakhstan having at least the "A" credit rating assigned by one of the international rating agencies, the list of which is established by the authorized body;

2) information about the credit rating of a legal entity assigned to one of the international rating agencies, a list of that shall be established by n authorized body, except for the cases provided for by paragraph 1 of this article;

3) a written consent (agreement) of a financial supervision authority of a country of residence of an applicant on the acquisition of legal entity-non-resident of the Republic of Kazakhstan the status of a major participant of managing investment portfolio or a statement of an authorized body of the relevant state that such a consent (agreement) according to the legislation of the specified state shall not be required.

9. To obtain the consent for acquisition of the status of a major participant of managing investment portfolio a financial organization-non-resident of the Republic of Kazakhstan shall submit the following documents:

1) Information and documents specified in paragraph 8 of this article;

2) a written confirmation from a financial supervision authority of a country of residence of an applicant, that an applicant is authorized to carry out financial activities under the legislation of the given country, or a statement of a financial supervision authority of a country of residence of an applicant that such a permit under the relevant domestic legislation is not required.

To obtain the consent for acquisition of the status of a major participant of managing investment portfolio a financial organization non-resident of the Republic of Kazakhstan is intended to obtain twenty-five or more percent of voting shares of managing investment portfolio subjected to consolidated supervision in a country of its location, shall submit in addition to the documents established by this paragraph, a written confirmation from a financial supervision authority of a country of location of an applicant that a financial

organization non-resident of the Republic of Kazakhstan is subjected to consolidated supervision.

10. Persons willing to obtain the status of a major participant of managing investment portfolio with a share of ownership of twenty-five or more percent of placed (excluding preferred and redeemed) shares, in addition to the documents and information specified in this Article shall submit a business plan for the next five years, requirements to that shall be established by an authorized body.

Board of Directors of managing investment portfolio shall consider a business plan submitted by a major participant with the shares of ownership of twenty-five or more percent of placed (excluding preferred and redeemed) shares of managing investment portfolio, in the framework of the corresponding status, established by this article.

Managing investment portfolio shall be obliged to notify an authorized body about results of the consideration by board of directors of managing investment portfolio of a business plan of a major participant of managing investment portfolio within five working days from the date of adoption of a decision on inclusion or non-inclusion of a business plan of a major participant of managing investment portfolio in development strategy (development plan) of managing investment portfolio.

Board of directors of managing of investment portfolio shall secure compliance of development strategy (development plan) of managing investment portfolio.

11. As persons jointly with a major participants of managing investment portfolio shall be recognized persons in the amount of owning ten or more percent of placed (excluding preferred and redeemed) shares of managing investment portfolio or having possibility directly or indirectly to vote with ten or more percent of shares of managing investment portfolio, and:

1) jointly influencing on taking of decisions of managing investment portfolio in virtue of a contract between them or otherwise;

2) that are separately or jointly a major participants of one another;

3) one of them is official or representative of another;

4) one of them granted to another person the opportunity to purchase the shares of managing investment portfolio in accordance with an agreement concluded between them;

5) that are close relatives or a married couple;

6) one of them granted to another person the opportunity to purchase shares of managing investment portfolio at the expense of donated them to money or property received free of charge.

In case if managing of investment portfolio is included in the banking conglomerate in accordance with the requirements of the banking legislation of the Republic of Kazakhstan, the managing of investment portfolio shall be subjected to consolidated supervision in accordance with banking legislation of the Republic of Kazakhstan.

12. In accordance with the requirements of this article, a decision on the application submitted for the obtainment of the status of a major participant in the investment portfolio manager shall be made by the authorized body within fifty working days of submission of a full package of documents.

The authorized body, within five working days of the documents' receipt, shall check the completeness of the submitted documents. If it is established that the submitted documents are incomplete, the authorized body gives a reasoned refusal to consider the application within the specified time frames and returns the package of unconsidered documents to the applicant.

The authorized body has the right to suspend the period for consideration of the application and documents submitted for obtaining the status of a major participant in the investment portfolio manager, if in the course of their consideration these documents are found to contain inaccurate information about the applicant or his/her/its activity, to have the content not complying with the legislation requirements, and also in case of the need to verify the accuracy of information submitted to the authorized body. After the applicant's elimination of faults noted in the remarks and submission of documents, the period for their consideration resumes. Subsequent consideration of documents by the authorized body is carried out within the time frames established by part one of this paragraph.

The authorized body shall notify the applicant of its decision in writing. Moreover, in case of refusal to give consent to the obtainment of the relevant status, the grounds for refusal shall be indicated in a written notification.

13. The authorized body has the right to revoke the consent given in accordance with this article, having decided to cancel it within two months of the discovery of a fact being a reason for the consent's revocation, in case of revealing false information on the basis of which the consent was given, or violation of the requirements of the legislation of the Republic of Kazakhstan on competition protection as a result of the applicant's obtainment of the status of a major participant, or non-compliance with the requirements of this Law by major participants. In this case, a person, to whom such a measure is applied, shall, within six months, reduce the number of shares owned by him/her/it in the investment portfolio manager to a level lower than that established by this article.

A person, whose consent has been revoked in accordance with this article, is not entitled to transfer the shares of the investment portfolio manager into trust management of a third party.

If the requirements of this paragraph are not fulfilled by persons, in whose respect the authorized body made a decision to revoke a relevant consent, the authorized body has the right to apply to court for the enforcement of its requirements by these persons.

14. In case if a person became matching to the attributes of a major participant of managing investment portfolio without obtaining a prior written consent of an authorized body, it shall not undertake any actions to influence the management or policies of managing

investment portfolio, and (or) to vote on such shares until it receives a written consent of an authorized body in accordance with provisions of this article.

In specified case, a person, appropriate to the characteristics of a major participant of managing investment portfolio shall be obliged to notify an authorized body within ten calendar days from the moment of its becoming known that it meets the criteria of a major participant of managing investment portfolio.

Application for the acquisition of the relevant status shall be submitted to an authorized body within thirty calendar days from the moment of its becoming known that it meets the criteria of a major participant of managing investment portfolio only if a person is not going to dispose of the shares within the specified period. Information on taking a decision on alienation of shares shall be submitted to an authorized body immediately from the moment of taking such a decision.

If the authorized body refuses to give consent to a person with the signs of a major participant in the investment portfolio manager, the specified person is obliged to reduce the number of shares owned by him/her/it in the investment portfolio manager to a level lower than that established by this article within six months of the written notification's receipt.

14-1. When a person acquires the signs of a major participant in the investment portfolio manager without written consent of the authorized body, the latter has the right to apply the supervisory response measures provided for by this Law to this person, including enforcement measures provided for in Article 72-3 of this Law, in terms of requirements for the sale of shares of the investment portfolio manager within six months.

15. An authorized body shall be entitled to demand information from individuals and legal entities upon availability of information pointing to the fact that a person meets criteria of a major participant of managing investment portfolio. Information can be sought from any person that has it, and organizations controlled by these persons.

16. A major participant in the investment portfolio manager, within thirty calendar days of the decision, shall notify the authorized body of a change in the percentage of the number of shares owned by him/her/it and the number of placed (minus preferred and redeemed) shares of the investment portfolio manager that he/she/it owns directly or indirectly or can use to vote directly or indirectly, and submit supporting documents, except when such a change occurs due to the repurchase of the investment portfolio manager's own shares from other shareholders.

In case of an upward change in the number of the investment portfolio manager's shares (in percentage terms or absolute value) owned by a major participant in the investment portfolio manager to the number of placed (minus preferred and redeemed) shares of the investment portfolio manager, the major participant in the investment portfolio manager shall submit to the authorized body information on sources of funds used to purchase shares of the investment portfolio manager and attach copies of supporting documents. The sources of funds used to purchase the investment portfolio manager's shares by major participants in the

investment portfolio manager, who are individuals, are determined in subparagraph 1) of part one of paragraph 6 of this article.

In the event of a change in the percentage ratio of the number of shares of the investment portfolio manager to less than ten percent owned by a major participant of the investment portfolio manager, to the number of placed (minus preferred and repurchased) shares of the investment portfolio manager at the request of a major participant of the investment portfolio manager or in the case of independent detection by an authorized body of the facts, which are the basis for the cancellation of the issued consent, the previously issued written consent of the authorized body is considered canceled from the day following the day the authorized body receives the said application or the revelation by the authorized body of the facts that are the basis for cancellation of the issued consent.

A major participant in the investment portfolio manager, in case of an increase in the number of shares owned by him/her/it up to twenty-five or more percent of the placed (minus preferred and redeemed by the investment portfolio manager) shares of the investment portfolio manager, in addition to the documents and within the time frames specified in this paragraph, shall present a business plan for the next five years, the requirements for which are established by the authorized body.

17. Is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication).

18. Manager of investment portfolio shall be obliged to notify an authorized body about the change in the composition of shareholders owning ten or more percent of voting shares of managing investment portfolio, within fifteen calendar days from the day of establishing by him of this fact.

19. The violation of the requirements established by paragraphs 14, 15, 16 and 18 of this article shall entail liability under the laws of the Republic of Kazakhstan.

20. The authorized body's consent to the bank's obtainment of the status of a major participant in the investment portfolio manager, whose shares were acquired during the bank's reorganization through affiliation in the manner specified by the legislation of the Republic of Kazakhstan, or transferred through the transaction provided for in Articles 61-2, 61-4, 61-11 and 61-12 of the Law of the Republic of Kazakhstan "On Banks and Banking Activities in the Republic of Kazakhstan", shall be deemed issued after the transaction's registration in the system of registers of securities holders (nominee holding).

Footnote. Chapter 13 is supplemented with Article 72-1 in accordance with the Law of the Republic of Kazakhstan dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Laws of the Republic of Kazakhstan № 311-V as of 27.04.2015 (shall be enforced from 01.01.2015); № 376-V as of 29.10.2015 (shall be enforced from 01.01.2016); dated 18.11.2015 № 412-V (effective from 01.01.2021); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 49-VI as of 27.02.2017 (shall be enforced ten calendar days after its first official publication); № 166-VI

as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 25.11.2019 № 272-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 72-2. Grounds for refusal in issuance by an authorized body of consent to persons, willing to become a major participants of managing investment portfolio

1. The grounds for the authorized body's refusal to give consent to persons wishing to become a major participant in the investment portfolio manager are as follows:

1) non-compliance with the requirements of subparagraphs 3) - 6) of paragraph 2 of Article 54 of this Law (in relation to an individual or senior executives of an applicant that is a legal entity);

1-1) the applicant's violation of the procedure and (or) conditions for obtaining the status of a major participant in the investment portfolio manager;

2) unstable financial situation of the applicant;

3) failure to submit the documents specified in Article 72-1 of this Law, or non-compliance of the submitted documents with the requirements specified in Article 72-1 of this Law, or failure to eliminate the faults noted in the authorized body's remarks on the submitted documents;

4) violation of the requirements of the legislation of the Republic of Kazakhstan on competition protection as a result of the applicant's obtainment of the status of a major participant in the investment portfolio manager;

5) cases of in a transaction on acquisition of status of a major participant of managing investment portfolio by an acquirer shall be a legal entity (its major member (a major shareholder), registered in offshore zones, the list of that is established by an authorized body;

6) failure to comply by an applicant with other requirements established by this Law to a major participants of managing investment portfolio;

7) cases when an applicant that is a financial institution is not subject to supervision on a consolidated basis in the country of their location;

8) analysis of financial impact of acquisition by an applicant of the status of a major participant of managing investment portfolio that assume deterioration of financial situation of managing investment portfolio;

9) absence of an applicant - non-resident financial institution of the Republic of Kazakhstan of authority on implementation of financial activities within the limits of legislation of the country of origin;

10) absence of an applicant - legal entity-non-resident of the Republic of Kazakhstan of minimum required rating of one of the international rating agencies, a list of that is determined by an authorized body, except for the cases provided for by paragraph 1 of Article 72-1 of this Law;

11) inefficiency of a presented plan of recapitalization of managing investment portfolio in case of possible deterioration of financial status of specified fund or organization;

12) absence of a applicant- individual, as well as executive employee of an applicant - legal entity with perfect business reputation;

13) cases when a person has previously been or is a major participant - an individual or the first head of a major participant - a legal entity and (or) an executive employee of a financial organization, a branch of a bank - non-resident of the Republic of Kazakhstan, a branch of an insurance (reinsurance) company - a non-resident of the Republic of Kazakhstan, a branch of an insurance a broker - non-resident of the Republic of Kazakhstan in the period not more than one year prior to the adoption by the authorized body of a decision to classify a bank, a branch of a bank - a non-resident of the Republic of Kazakhstan as insolvent banks, branches of banks - non-residents of the Republic of Kazakhstan, on the compulsory repurchase of bank shares, deprivation of a license of a financial organization, a branch of a bank - non-resident of the Republic of Kazakhstan, a branch of an insurance (reinsurance) company - non-resident of the Republic of Kazakhstan, a branch of an insurance broker - non-resident of the Republic of Kazakhstan, as well as the forced liquidation of a financial organization, declaring it bankrupt in accordance with the procedure established by the legislation of the Republic of Kazakhstan or the forced termination of the activities of a branch of a bank - non-resident of the Republic of Kazakhstan, a branch of an insurance (reinsurance) company - non-resident of the Republic of Kazakhstan. The specified requirement shall be applied within five years after the adoption by the authorized body of a decision to classify a bank, a branch of a bank - non-resident of the Republic of Kazakhstan as insolvent banks, branches of banks - non-residents of the Republic of Kazakhstan, on the compulsory redemption of bank shares, deprivation of a license of a financial organization, a branch of a bank - non-resident of the Republic of Kazakhstan, a branch of an insurance (reinsurance) company - non-resident of the Republic of Kazakhstan, a branch of an insurance broker - non-resident of the Republic of Kazakhstan, as well as the forced liquidation of a financial organization, recognition of its bankrupt in accordance with the procedure established by the legislation of the Republic of Kazakhstan or the forced termination of the activities of a bank branch - non-resident of the Republic of Kazakhstan, a branch of an insurance (reinsurance) company - non-resident of the Republic of Kazakhstan in cases established by the laws of the Republic of Kazakhstan.

2. A sign of an unstable financial situation of an applicant shall be the presence of one of the following conditions:

1) legal entity - an applicant created for less than two years before the application date;

2) obligations of an applicant exceed its assets excluding the amount of assets placed in shares and stakes of participation in charter capital of other legal entities and intended to acquire the shares of managing investment portfolio;

2-1) the value of the applicant's property (minus the applicant's obligations) is insufficient to purchase the investment portfolio manager's shares;

3) losses according to the results of each of the two ended financial years;

4) amount of obligations of an applicant poses a significant risk to a financial situation of managing investment portfolio;

5) existence of overdue and (or) allocated to the balance of managing investment portfolio of the debt of an applicant to managing investment portfolio;

6) analysis of financial consequences of acquisition by an applicant of the status of a major participant of managing investment portfolio assumes deterioration of financial situation of an applicant;

7) other grounds indicative of the applicant's unstable financial situation and (or) possibility of causing damage to the investment portfolio manager and (or) contributors (recipients) to (of) the voluntary accumulative pension fund.

3. Is excluded by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Footnote. Chapter 13 is supplemented with Article 72-2 in accordance with the Law of the Republic of Kazakhstan dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Laws of the Republic of Kazakhstan № 376-V as of 29.10.2015 (shall be enforced from 01.01.2016); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 72-3. Enforcement measures of supervisory response

Footnote. The heading of Article 72-3 as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

1. The authorized body shall apply enforcement measures of supervisory response to persons with the signs of a major participant in the investment portfolio manager, as well as to major participants in the investment portfolio manager:

1) in cases provided for by paragraph 5 of Article 49, paragraph 6 of Article 55-1, paragraph 14-1 of Article 72-1 of this Law;

2) if the application of other supervisory response measures cannot protect the legitimate interests of the clients of the investment portfolio manager, minimize the risks associated with the investment portfolio management activities;

3) if the actions (inaction) of the investment portfolio manager and (or) a major participant in the investment portfolio manager can lead to further deterioration of the financial situation of the investment portfolio manager.

2. Upon availability of cases provided for by paragraph 1 of this Article an authorized body shall be entitled to request to demand from:

1) a person possessing the signs of a major participant as well as from a major participant of managing investment portfolio of reduction of share of their direct or indirect ownership to below than ten per cent of voting shares of managing investment portfolio;

2) managing investment portfolio in respect of a major participant to suspend the implementation of operations (direct and indirect) between them, exposing managing investment portfolio at risk;

3) managing investment portfolio, a major participant of managing investment portfolio the adoption of measures on additional capitalization of managing investment portfolio.

3. In case of failure to comply by a major participant or a person with signs of a major participant of managing investment portfolio to the requirements provided for by paragraph 2 of this article, on the basis of a decision of an authorized body shall be established to entrusted administration by shares of managing investment portfolio, belonging to a major participant or a person possessing the signs of a major participants of managing investment portfolio. These shares shall be transferred into entrusted administration to an authorized body for the period of three months.

An authorized body shall be entitled to take a decision on transfer of shares of managing investment portfolio, belonging to a major participant or to a person possessing the signs of a major participant of managing investment portfolio into entrusted administration to a national management holding.

In case of transfer of shares of managing investment portfolio, belonging to a major participant or a person possessing the signs of a major participant of managing investment portfolio into entrusted administration to a national management holding a period for that is to be established entrusted administration of shares, shall be determined by a relevant decision of an authorized body on establishment of entrusted administration.

During the implementation of an authorized body or by a national management holding of entrusted administration of shares of managing investment portfolio a shareholder shall not be entitled to undertake any actions in respect of shares held in entrusted administration.

A major participant or a person possessing the signs of a major participant of managing investment portfolio shall be entitled to petition to an authorized body on sale of all its shares of managing investment portfolio to persons specified in a request.

A request shall be adopted by an authorized body in case of implementation by acquirers of shares specified in an application, the requirements of legislation acts of the Republic of Kazakhstan.

Upon non-elimination of grounds for transferring of shares of managing investment portfolio into entrusted administration before the expiration of the term for that it has been established entrusted administration, an authorized body or national managing holding shall dispose of shares held in entrusted administration, by means of their realization on the organized securities market upon market value prevailing at the date of taking a decision on realization of shares.

In case of absence of information on market value of shares the exercise of shares can be determined by an appraiser in accordance with the legislation of the Republic of Kazakhstan. The proceeds from a sale of those shares money shall be transferred to persons the shares of that have been transferred into entrusted administration.

Activities on sale of shares of managing investment portfolio, belonging to a major participant or a person possessing the signs of a major participant of managing investment portfolio, shall be carried out at the expense of managing investment portfolio.

4. The procedure of exercising entrusted administration of shares of managing investment portfolio, belonging to a major participant or a person possessing the signs of a major participant of managing investment portfolio, as well as actions of an authorized body or a national management holding in the period of entrusted administration shall be established by a regulatory legal act of an authorized body.

Footnote. Chapter 13 is supplemented with Article 72-3 in accordance with the Law of the Republic of Kazakhstan dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Laws of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 72-4. Reporting of a major participant in an investment portfolio manager

1. The list, forms of financial and other reporting of a major participant of the investment portfolio manager, the terms and procedure for its submission to the National Bank of the Republic of Kazakhstan are established by the regulatory legal acts of the National Bank of the Republic of Kazakhstan in agreement with the authorized body.

2. A major participant in the investment portfolio manager, who is an individual – a resident of the Republic of Kazakhstan, in addition to the reporting provided for in paragraph 1 of this article, must, within five working days after the date of presenting the income and property declaration to the tax authority, submit to the authorized body a copy of it with confirmation on the submission of a declaration to the tax authority.

Footnote. Chapter 13 is supplemented with Article 72-4 in accordance with Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); as amended by the laws of the Republic of Kazakhstan dated 18.11.2015 № 412-V (effective from 01.01.2021); as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Article 72-5. Audit of a major participant in the investment portfolio manager

Footnote. Article 72-5 is excluded by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Chapter 14. Custodian activities

Article 73. The procedure of implementation of custodian activity

1. Custodian activity on securities market shall be entitled to carry out banks having licences on custodian activity and safe deposit transactions and the National Bank of the Republic of Kazakhstan.

2. Custodian shall carry out its activity in accordance with the legislation of the Republic of Kazakhstan and contract on the custodian services concluded with a client.

3. A custodian that is not the National Bank of the Republic of Kazakhstan shall not be entitled to enter into a custodial service agreement with an affiliated investment portfolio manager with regard to:

1) pension assets;

2) assets of an open and (or) interval unit investment fund;

3) assets formed at the expense of a part of insurance premiums received from policyholders for investment purposes, and income (losses) received from their investment, under insurance contracts that provide for the condition of participation of the insurant in investments.

4. Objects of custodian activities shall include money and financial instruments transferred to a custodian by a client in accordance with a contract on custodian services.

5. is excluded

6. The custodian shall have the right to provide custodial services to the participants of the Astana International Financial Center.

Footnote. Article 73 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2004 № 577; dated 23.10.2008 № 72-IV (the order of the entry into force see Article 2) ; dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 74. Functions and obligations of a custodian

1. A custodian shall carry out the following functions:

1) opening accounts to a client in relations to money, issuance securities and other financial instruments transferred to custodian service;

2) secure accounting of money, issuance securities and other financial instruments transferred to custodian service;

3) execution of nominal holding;

4) carrying out of functions of paying agent on transactions with issuance securities and other financial instruments transferred to custodian service;

5) registration of transactions with issuance securities of a client and confirmation of his rights on these securities;

- 6) receiving income on issuance securities and other financial instruments, transferred to custodian service, and transferring it to the account of a client;
- 7) transferring of information to a client under instructions of an issuer;
- 8) providing to a client other services provided for by a contract on custodian service;
- 9) safekeeping of documented securities and other financial instruments issued in a documentary form.

2. A custodian shall be obliged to:

- 1) fulfill the conditions of a contract on custodian services, as well as client orders in accordance with their contents;
- 2) provide custody and accounting of issuance securities and other financial instruments transferred to custodian service in relation to its assets;
- 3) comply with the technology of conducting accounts of clients in accordance with the requirements provided for by the legislation of the Republic of Kazakhstan;
- 4) provide a client with statements about the situations of their accounts on a regular basis or at his request;
 - 4-1) present statements of accounts of a holder of securities and other financial instruments transferred for custodial service at his/her/its request;
- 5) not to divulge information constituting commercial or other secret protected by law, except for cases provided for by this Law and other legislative acts of the Republic of Kazakhstan.

Footnote. Article 74 as amended by Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016).

Article 75. Contract on custodian service

1. Relations between a custodian and its client shall arise from a contract on custodian service, to that shall be applied the provisions of a contract of storage and agency contract provided for by the Civil code of the Republic of Kazakhstan.

2. A custodian shall be obliged upon conclusion of a contract on custodian service to acquaint a client with its internal documents.

3. A contract on custodian service must contain:

- 1) the procedure of providing services to a client under custodian services;
- 2) rights and obligations of a custodian and his client;
- 3) the procedure of payment of service of a custodian;
- 4) conditions and procedure for receiving by a custodian, income over securities transferred to custodian service, and crediting it to an account of a client;
- 5) procedure of abrogation of a contract on custodian service;
- 6) responsibility of parties;
- 7) other conditions in accordance with the legislation of the Republic of Kazakhstan.

Chapter 15. Transfer agent activity

Article 76. Conditions and procedure of carrying out of transfer agent activity

1. Transfer agent activities on the securities market shall be carried out for the purposes of reception and transmission of documents (information) between clients transfer agent.

2. Conditions and procedure of transfer agent activity on securities market shall be established by regulatory legal act of an authorized body and internal documents of a licensee.

Article 77. Functions of a transfer agent

1. Transfer agent shall carry out the following functions:

- 1) registration and accounting of documents received by him for a transfer;
- 2) registration and accounting of documents transferred to clients;
- 3) secure of safety of electronic database used on carrying out transfer agent activity;
- 4) maintenance of functionability of electronic systems used on carrying out transfer-agent activity;
- 5) other functions provided for by the legislation of the Republic of Kazakhstan.

2. Relationship between transfer agent and its clients shall arise from a contract on transfer agency services to that the rules of a contract of agency, provided for by the Civil code of the Republic of Kazakhstan shall be applied.

Chapter 15-1. Clearing activities on transactions with financial instruments

Footnote. The Law is supplemented with chapter 15-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 77-1. Conditions and procedure for the clearing activity on transactions with financial instruments

1. The clearing activity on transactions with financial instruments may be carried out by organizations with licenses for the clearing activity on transactions with financial instruments, the central securities depository (hereinafter referred to as clearing organizations).

2. The central securities depository, and (or) a stock exchange, and (or) a clearing organization, and (or) another organization with a license for transfer operations may be a settlement organization.

3. A settlement organization carries out settlements on transactions with financial instruments on the basis of orders of a clearing organization and (or) a stock exchange's document confirming the transaction's conclusion, and (or) another document accepted by the settlement organization as a basis for settlements in accordance with its rules.

3-1. A clearing organization acting as a central counterparty shall be entitled to issue clearing participation certificates.

3-2. The procedure for issuing clearing participation certificates by a clearing organization acting as a central counterparty, as well as accounting for assets held in the guarantee or reserve fund of the clearing organization, shall be determined by the rules of the clearing organization.

3-3. The procedure for placement, circulation and redemption of clearing participation certificates shall be determined by the rules of the clearing organization.

4. The board of directors of a clearing organization is obliged to ensure the creation and functioning of its risk management system, as well as alterations and additions thereto in order to reduce the risks of non-execution of transactions with financial instruments.

The risk management system of a clearing organization that acts as a central counterparty or provides guarantees for the fulfillment of obligations for transactions shall include the formation of guarantee or reserve funds of the clearing organization (central counterparty).

The clearing organization has the right to use the assets of its (central counterparty's) guarantee funds to fulfill obligations for transactions with financial instruments of the clearing participant that fully or partially failed to fulfill or improperly fulfilled its obligations , in the manner prescribed by internal documents of this clearing organization.

If the assets of guarantee funds of the clearing organization (central counterparty) are used for the purposes specified in part three of this paragraph, the clearing organization has the right to demand full reimbursement of these assets from the clearing participant that fully or partially failed to fulfill or improperly fulfilled its obligations for transactions with financial instruments.

In case of a full or partial failure of a clearing member to fulfill its obligations for transactions with financial instruments, the clearing organization does not observe counter requirements of this clearing participant for the specified transactions in an amount not exceeding the size of unfulfilled obligations.

4-1. The clearing organization invests margin contributions and money included in the guarantee or reserve funds of the clearing organization (central counterparty) and other security of the clearing participants, in the manner and on the terms established by the internal documents of the clearing organization.

The clearing organization shall provide accounting, separate from other assets of the clearing organization, of contributions to the guarantee or reserve funds of the clearing organization (central counterparty), margin contributions, full and (or) partial security for the fulfillment of obligations under transactions concluded in the trading system of the stock exchange by open trading and (or) with participation of a central counterparty, as well as accounting for assets acquired as a result of investments by the clearing organization, contributions to the guarantee or reserve funds of the clearing organization (central counterparty), margin contributions, full and (or) partial security for the fulfillment of obligations under transactions concluded in the trading system of the stock exchanges by open trading method and (or) with participation of a central counterparty.

The separate assets of the clearing organization specified in part two of this paragraph shall be recorded by the clearing organization in the accounts for carrying out clearing activities.

Keeping assets in accounts for clearing activities other than those specified in part two of this paragraph shall not be allowed.

4-2. The accounts established by part three of paragraph 4-1 of this article are the clearing organization's correspondent account with the National Bank of the Republic of Kazakhstan, the clearing organization's correspondent account with the central depository, the clearing organization's correspondent accounts with the banks of the Republic of Kazakhstan and foreign banks, the clearing organization's personal account opened in nominee holding accounting system, which is an account for investments records of a clearing organization made at the expense of funds transferred by clearing participants as contributions to guarantee or reserve funds of the clearing organization (central counterparty), margin contributions, full and (or) partial security for the fulfillment of obligations under transactions concluded in the trading system of the stock exchange by open trading and (or) with participation of the central counterparty.

4-3. Financial instruments listed on accounts for the pursuit of clearing activities shall be accounted for by the clearing organization separately from its own assets and shall not be included in the property mass in the event of its bankruptcy, and (or) its property holdings in the event of liquidation, except for the cases provided for in paragraph 4-4 of this article.

4-4. The means of the clearing organization's reserve fund shall be included in the property mass in the event of its bankruptcy, and (or) its property holdings in the event of liquidation in the part remaining after the clearing organization has fulfilled all its obligations to the clearing participants.

5. The requirements for the risk management system of the clearing organization, the conditions and procedure for monitoring, control and risk management in the clearing organization are established by the regulatory legal acts of the authorized body and internal documents of the clearing organization.

6. The board of directors of the clearing organization shall approve the rules for the clearing activity on transactions with financial instruments that govern the clearing organization's relationship with entities using the services of the clearing organization.

It is mandatory for all entities using the services of the clearing organization to comply with its rules.

6-1. The clearing organization, within ten working days of approval of the rules or alterations and (or) additions thereto, shall notify the authorized body thereof and attach supporting documents.

7. The clearing organization submits the settlement organization's orders for the transfer (write-off, credit), encumbrance of financial instruments in the accounts of clearing members opened with the settlement organization, on the conditions and in the manner established by relevant accession agreements between the settlement organization and clearing members.

8. The conditions and procedure for carrying out the clearing activity on transactions with financial instruments are established by the regulatory legal act of the authorized body.

9. In the event of default, bankruptcy and (or) liquidation of a clearing participant of the clearing organization (central counterparty), the clearing participant's full or partial failure to fulfill or improper fulfillment of its obligations to the clearing organization for transactions with financial instruments, the clearing participant's obligations, which are the object of the clearing activity on transactions with financial instruments, shall terminate given his/her/its fulfillment of obligations for concluded transactions, also through this clearing organization's (central counterparty's) full use of financial instruments that are full or partial collateral for obligations under transactions, margin contributions, contributions to guarantee or reserve funds of the clearing organization (central counterparty), on the conditions and in the manner established by the regulatory legal act of the authorized body and internal documents of this clearing organization.

Footnote. Article 77-1 as amended by Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); as amended by Law of the Republic of Kazakhstan № 479-V as of 29.03.2016 (shall be enforced twenty-one calendar days after its first official publication); № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Article 77-2. Functions of a clearing organization

1. The functions of a clearing organization are as follows:

1) the receipt and processing of information on concluded transactions, its verification and adjustment in accordance with internal documents of the clearing organization;

2) recording of parameters of concluded transactions, information on their confirmation, full or partial execution or non-execution;

3) determination of the requirements and (or) obligations of participants in transactions with financial instruments, entities involved in settlements (parties to transactions making payments or transfers of financial instruments) as a result of transactions with financial instruments;

4) preparation and transfer of orders based on the results of clearing activities of the settlement organization;

4-1) if the clearing organization acts as a central counterparty, issue clearing participation certificates;

5) other functions provided for by the legislation of the Republic of Kazakhstan and internal documents of the clearing organization.

2. Relations between a clearing organization and its clients arise under a clearing service agreement, which is subject to the provisions of an accession agreement established by the Civil Code of the Republic of Kazakhstan.

Footnote. Article 77-2 as amended by Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); as amended by the Law of the Republic of

Kazakhstan dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Article 77-3. Rules for making clearing transactions with financial instruments

1. The rules of a clearing organization shall be developed by its executive body and approved by its board of directors.

2. The rules of a clearing organization shall determine its relationship with entities using its services, and also the conditions and procedure for carrying out the clearing activity on transactions with financial instruments, and include provisions establishing:

1) the requirements for clearing members participating in auctions, including the obligation to maintain the financial strength of a clearing member participating in auctions;

2) the procedure and conditions for the assignment (suspension, deprivation) of the status of a clearing member participating in auctions;

3) a list of information on the activities of clearing members participating in auctions provided by them to the clearing organization for the monitoring of their financial situation, their compliance with the requirements of the rules of the clearing organization, and also the procedure and time frames for the provision of this information;

4) the procedure for managing the information received by the clearing organization from clearing members participating in auctions and the authorized body;

5) the procedure for monitoring the financial situation of clearing members participating in auctions, and also their compliance with the requirements of the rules of the clearing organization;

6) the procedure and conditions for the formation of guarantee funds of the clearing organization, the procedure of accounting for assets held in the guarantee funds of the clearing organization, as well as the procedure and conditions for paying fees and charges of the clearing organization;

6-1) the procedure for issuing, placing, circulation and redemption of clearing participation certificates;

7) types of reserve funds, the procedure and conditions for the formation of reserve funds by the clearing organization, as well as the procedure of accounting for assets held in the reserve funds of the clearing organization;

8) the procedure for collecting, processing and storing the information on concluded transactions, its verification and adjustment in case of discrepancies;

9) the procedure for the clearing organization's recording and confirmation of parameters of concluded transactions with financial instruments;

10) the procedure for determining the requirements for and (or) obligations of clearing members participating in auctions;

11) the procedure, conditions and methods for fulfilling obligations pursuant to the results of clearing activities;

12) the procedure for the clearing organization to submit reports to clearing members participating in auctions on the results of clearing activities on transactions with financial instruments;

13) the procedure for preparing and transferring information on the results of clearing activities on transactions with financial instruments to the settlement organization, the auction organizer and (or) commodities exchange;

14) model agreements on providing clearing services that determine the relationship between the clearing organization and clearing members participating in auctions;

15) the requirements for the subject-matter of the agreement concluded by the clearing organization with the settlement organization, the auction organizer and (or) commodities exchange;

16) the procedure and conditions for the clearing organization's performance of the central counterparty's functions;

17) the provisions, the determination of which is necessary for the implementation of the clearing organization's functions, established by Article 77-2 of this Law.

3. The documents, specified in paragraph 2 of this article, constitute the clearing organization's rules and shall be executed as its separate documents or included in the set of uniform rules of the clearing organization.

Footnote. Chapter 15-1 is supplemented with Article 77-3 in accordance with Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Chapter 16. Central Depository

Article 78. Basic principals of activity of central depository

1. Conditions and procedures of carrying out by central depository of activities on securities market shall be established by this Law, regulatory legal acts of an authorized body and internal documents - the set of rules of central depository.

1-1. Pursuant to the agreement the central depository has the right to provide services to foreign financial organizations and organizations registered on the territory of the Astana International Financial Center.

The agreement concluded between the central depository and a foreign financial organization or an organization registered on the territory of the Astana International Financial Center must contain the list of services, the conditions and procedure for the provision of which shall be determined in accordance with the law of the country chosen by consent of the parties, unless otherwise provided by laws Republic of Kazakhstan or in accordance with the acts of the Astana International Financial Center.

2. The National Bank of the Republic of Kazakhstan, professional participants in the securities market and international financial organizations, the list of which is determined by the regulatory legal act of the authorized body, can be the founders and shareholders of the central depository.

The share of direct and (or) indirect ownership of shares of the central depository of the National Bank of the Republic of Kazakhstan is more than fifty percent of the total number of voting shares of the central depository.

The ownership percentage of shares of the central securities depository of each professional participant in the securities market, with the exception of the stock exchange, and each international financial organization may not exceed five percent of the total number of outstanding shares of the central depository.

3. The central securities depository's clients are:

1) organizations carrying out the brokerage activity in the securities market entitled to maintain nominee holding accounts on the basis of a license of the authorized body or in accordance with the legislation of the Republic of Kazakhstan;

2) organizations carrying out the brokerage activity in the securities market not entitled to maintain nominee holding accounts on the basis of a license of the authorized body or in accordance with the legislation of the Republic of Kazakhstan;

3) organizations carrying out the dealer activity in the securities market on the basis of a license of the authorized body or in accordance with the legislation of the Republic of Kazakhstan;

4) depositors who are foreign depositories, custodians and (or) nominee holders of financial instruments;

5) organizations carrying out the clearing activity on transactions with financial instruments and (or) the activity of the central counterparty;

6) foreign dealers and (or) other legal entities that are stock exchange members and (or) clearing members of a clearing organization;

6-1) an organization registering transactions with securities in the territory of the Astana International Financial Center;

7) clients of depositors, with the exception of those persons for whom sub-accounts are opened in the accounting system of the central depository on the basis of information provided by the depositor without disclosing individual details of these persons in accordance with the terms of the nominee holding agreement and the set of rules of the central depository ;

8) other individuals and legal entities that have completed the procedure of establishing business relations.

Footnote. Article 78 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 05.07.2012

№ 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 26.11.2012 № 57-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 479-V as of 29.03.2016 (shall be enforced twenty-one calendar days after its first official publication); № 184-VI as of 05.10.2018 (shall be enforced ten calendar days after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Article 79. Managing a central depository

1. Bodies of central depository, their functions and powers, procedure of formation and decision-making shall be defined by this Law, regulatory legal act of an authorized body, the charter of a central depository and its internal documents.

1-1. The requirements of Article 54 of this Law shall extend to executive employees of central depository.

2. On the basis of a written notification of the authorized body, the composition of board of directors of central securities depository on a permanent basis shall include a representative of the authorized body with the right to vote.

Footnote. Article 79 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 79-1. Advisory Board

1. The advisory board is a collegiate consultative and advisory body representing the interests of the clients of the central securities depository.

2. The main tasks, term of office and procedure for electing members of the advisory board, early termination of their powers, as well as the procedure for organizing its activities, including the procedure for convening, preparing and holding meetings of the advisory board, shall be determined by the regulation on the advisory board approved by the board of directors of the central securities depository.

3. The competence of the advisory council includes preliminary consideration of the issues of the activities of the central securities depository, determined by the regulation on the advisory council.

4. The decisions of the advisory board are made in writing and are advisory in nature.

Footnote. Chapter 16 as amended by Article 79-1 in accordance with the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 80. The procedure for the central securities depository's operation

1. When carrying out the depository activity, the central securities depository:

1) provides services of nominee holding of financial instruments to depositors;

2) makes settlements in financial instruments on transactions concluded on the organized securities market and on transactions concluded on the unorganized securities market with participation of its depositors, as well as other clients;

2-1) provides financial institutions-residents of the Republic of Kazakhstan and (or) depositors that are foreign depositories, custodians and (or) nominee holders of financial instruments, on the basis of an agreement, a service of checking due diligence of their clients-residents of the Republic of Kazakhstan for the purposes of counteracting legalization (laundering) of proceeds from crime and financing of terrorism;

3) provides the depository servicing for government issue-grade securities in accordance with the legislation of the Republic of Kazakhstan and its own set of rules;

3-1) returns the assets that are in nominee holding to the client of the nominee holder who has been deprived of the license for all or certain types of activities in the securities market and has not fulfilled the obligation to return the assets to his client, and also performs other operations in relation to the assets of such client as determined by the regulatory legal act of the authorized body and the set of rules of the central depository;

3-2) carry out storage of securities and other financial instruments issued in documentary form;

4) provides other types of services in accordance with the legislation of the Republic of Kazakhstan.

2. The central securities depository, given a license for certain types of banking operations , in the manner prescribed by the regulatory legal act of the authorized body, has the right to:

1) open and maintain bank accounts of legal entities;

2) open and maintain bank accounts of individuals;

3) open and maintain correspondent accounts of banks and organizations carrying out certain types of banking operations;

4) make remittance operations: execution of orders of individuals and legal entities for payments and money transfers;

5) exchange operations with foreign currency, except for exchange operations with foreign currency in cash;

6) Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

If the central securities depository has a license from the authorized body to carry out the activity specified in subparagraph 4) of this paragraph, it is entitled to perform the functions of a paying agent when redeeming financial instruments and (or) paying income thereon.

3. The central securities depository carries out the clearing activity on transactions with financial instruments or provides services to clearing organizations and (or) central

counterparties of the organized and (or) unorganized securities market on the conditions and in the manner established by the regulatory legal act of the authorized body and the set of rules of the central securities depository.

4. When maintaining the system of registers of securities holders, the central securities depository shall:

- 1) form, maintain and store the system of registers of securities holders;
- 2) open a personal account in the system of registers of securities holders to a registered person;
- 3) register transactions with securities in the registered person's personal account;
- 4) reaffirm the registered person's rights to securities;
- 5) keep current the system of registers of securities holders;
- 6) control the matching of the number of securities in circulation in the secondary securities market with their number registered by the authorized body;
- 7) provide information to securities holders on the list of issues determined by the set of rules of the central securities depository;
- 8) provide the issuer, at its request, with information constituting a system of registers of securities holders;
- 9) provide information to state bodies entitled by legislative acts of the Republic of Kazakhstan to receive information constituting a system of registers of securities holders, in accordance with Article 43 of this Law;
- 10) perform other functions in accordance with the legislative acts of the Republic of Kazakhstan.

5. The procedure for maintaining the system of registers of securities holders shall be established by the regulatory legal act of the authorized body and the set of rules of the central depository.

6. The issuer of non-government issue-grade securities is required to conclude an agreement with the central securities depository on maintaining the system of registers of securities holders.

7. In connection with the management of trade in securities and other financial instruments, the central depository shall perform such functions as:

- 1) the operation and maintenance of the integrated information system of the OTC securities market;
- 2) providing its customers with access to the integrated information system of the OTC securities market;
- 3) the organization of exchange of securities quotations and other financial instruments between clients of the central securities depository for making transactions with securities and other financial instruments in the unorganized securities market;
- 4) the organization of exchange of messages on making transactions with securities and other financial instruments between clients of the central securities depository;

5) other functions provided for by this Law.

8. The central securities depository, in accordance with the procedure established by the regulatory legal act of the authorized body and the set of rules of the central securities depository, forms and maintains a system of registers of transactions with derivative financial instruments concluded in the organized and unorganized securities markets.

8-1. The central securities depository shall have the right to develop and further improve its own software products used in pursuit of its activities.

9. The central securities depository is not entitled to carry out entrepreneurial activities not related to the activity in the financial market, except for the cases indicated below:

1) disposal of own property, including the lease (rent) of property acquired for its own needs;

2) provision of consulting and information services on issues related to activities in the securities market, as well as countering legalization (laundering) of proceeds from crime and financing of terrorism;

3) the sale of professional literature on any medium about activities in the securities market;

4) the organization of training in the securities market activities;

5) the publication on the website of the central securities depository of advertisements about services provided by the central depository and its clients, and also other information determined by the set of rules of the central securities depository;

6) the lease (rent) of material and technical means and equipment of the central securities depository.

9-1. The central securities depository shall have the right to retrieve information from the information systems of state bodies, as well as the state-owned credit bureau system, necessary for confirming the information used in pursuit of the activities specified in this article;

10. The conditions and procedure for the central securities depository's operation are determined by this Law, regulatory legal acts of the authorized body and the set of rules of the central securities depository.

11. The central securities depository shall provide information about the issuer and its securities to investors in the manner and on the terms established by the regulatory legal act of the authorized body and the set of rules of the central securities depository.

Footnote. Article 80 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (see the enforcement procedure in Article 2); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (enforcement Article 2); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 80-1. The procedure for managing assets on an account opened with the central securities depository for keeping record of unclaimed money

1. Trust management of assets held in the central securities depository and recorded on an account opened for accounting for unclaimed money shall be carried out by the National Bank of the Republic of Kazakhstan on the basis of an agreement on trust management concluded between the National Bank of the Republic of Kazakhstan and the central securities depository.

2. The authorized body shall determine the procedure for distribution of the investment income from the management of assets transferred to trust management and accounted for on an account opened with the central securities depository to account for unclaimed money.

Footnote. Chapter 16 as amended by Article 80-1 in accordance with the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 81. Set of rules of central depository

1. The set of rules of the central securities depository determines its relationship with the securities market entities.

It is mandatory for all entities using the services of the central securities depository to comply with its set of rules. The set of rules of the central securities depository shall be approved by its board of directors.

2. The set of rules of the central securities depository shall contain the procedures and conditions for:

- 1) carrying out the depository activity;
- 2) maintaining a system of registers of securities holders and participants in limited liability partnerships;
- 3) maintaining a system of registers of government securities holders;
- 4) carrying out certain types of banking operations (given a license for carrying out certain types of banking operations);
- 5) carrying out the clearing activity on transactions with financial instruments;
- 6) performing the functions of a paying agent (given a license for carrying out certain types of banking operations);
- 6-1) rendering due diligence services to resident financial organizations of the Republic of Kazakhstan for the purposes of combating legalization (laundering) of proceeds from crime and financing of terrorism;
- 6-2) issue, placement, circulation and redemption of Kazakhstan depository receipts;
- 7) maintaining a register of transactions with derivative financial instruments concluded in the organized and unorganized markets;
- 7-1) provision of data from the nominee holding accounting system to the central depository's accounting system, also acceptance, processing and storage by the central depository of the specified electronic data;
- 8) assigning international identification numbers (ISIN codes) to securities and identifiers to shares and other financial instruments;

- 9) managing the trade in securities and other financial instruments;
- 10) other rules not contrary to the legislation of the Republic of Kazakhstan.

3. Within ten working days of adoption of the set of rules or introduction of alterations and (or) additions thereto, the central securities depository shall notify the authorized body thereof and attach these documents.

Footnote. Article 81 as amended by the Laws of the Republic of Kazakhstan dated 19.02.2007 № 230 (the order the entry into force see Article 2); dated 23.10.2008 № 72-IV (the order the entry into force see Article 2); Dated 28.12.2011 № 524-IV (the order the entry into force see Article 2); № 203-V as of 16.05.2014 (shall be enforced six months after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (see the enforcement procedure in Article 2); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 82. Restriction on activity of central depository

1. Central depository shall not be entitled to:

1) delegate its functions to other persons in accordance with the legislation of the Republic of Kazakhstan and the set of rules of the central securities depository, unless otherwise provided for by the laws of the Republic of Kazakhstan;

2) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019);

2-1) is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced from 01.01.2013);

3) disclose trade secrets about a client of the central securities depository (client of the central securities depository's depositor), financial instruments in personal accounts (sub-accounts) in the accounting system of the central securities depository;

4) perform actions violating the rights and interests of clients of the central securities depository and clients of depositors of the central securities depository.

2. Central depository shall not be entitled to participate in creation and activities of legal entities, except for cases established by a regulatory legal act of an authorized body.

Footnote. Article 82 as amended by the Laws of the Republic of Kazakhstan dated 23.10.2008 № 72-IV (the order the entry into force see Article 2); dated 28.12.2011 № 524-IV (the order the entry into force see Article 2); № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Chapter 17. Organizer of an auction

Article 83. Organized structure of an organizer of an auction

1. The requirements to organizational structure of stock exchange shall be established by regulatory legal act of an authorized body.

2. For the purposes of execution of monitoring and analysis of transactions with financial instruments concluded in trading system of stock exchange, the organizational structure of stock exchange must include a structural subdivision exercising oversight over the executed transactions in trading system of stock exchange.

The procedure of carrying out of activity of specified structural subdivision of stock exchange shall be established by regulatory legal act of an authorized body.

Footnote. Article 83 as amended by the Laws of the Republic of Kazakhstan dated 23.10.2008 № 72-IV (the order the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 84. Managing an organizer of an auction

1. Bodies of an organizer of an auction, their functions and powers, order of formation and decision-making shall be determined by the legislation of the Republic of Kazakhstan, the Charter of an organizer of an auction and other internal documents.

2. The share of each shareholder of the bidding process organizer together with its affiliated persons may not exceed twenty percent of the total number of outstanding shares, except for the case when the shareholder is the National Bank of the Republic of Kazakhstan.

The provision of the first part of this paragraph shall not apply to the central securities depository when it performs the function of an organizer of trading.

3. Each shareholder of organizer of an auction shall vote according to the principle "one share - one vote", except for cases specified by legislative acts of the Republic of Kazakhstan.

The owner of the "golden share" of the bidding process organizer is the National Bank of the Republic of Kazakhstan, which has the right to veto decisions of the bodies of the bidding process organizer.

4. On the basis of written notifications from the National Bank of the Republic of Kazakhstan and the authorized body, the composition of the Board of Directors of the auction organizer on a permanent basis shall include one representative from the authorized body and the National Bank of the Republic of Kazakhstan with the right to vote.

5. Decisions on listing, delisting, changing the category or site of the official list of securities shall be made by the listing commission of the stock exchange.

The requirement of part one of this paragraph shall not apply to issues of listing, delisting, changing the category or site of the official list of securities under the simplified procedure, decisions on which are made by the executive body of the stock exchange in accordance with the procedure determined by its internal documents.

The requirements for the composition of the listing commission are established by the regulatory legal act of the authorized body. The listing commission on a permanent basis shall include a representative of the authorized body with the right to vote.

Upon taking a decision on the issues of listing, delisting, changing the category or site of the official list of securities shall not be entitled to vote listing commission members that are employees and (or) representatives of:

1) the issuer whose securities are included in the official list of the stock exchange, excluded from this list or transferred to another category or platform of this list in accordance with the specified decision (hereinafter in this paragraph - the interested issuer);

2) organizations that are subsidiaries or dependent joint-stock companies in relation to the interested issuer;

3) organizations in relation to which the interested issuer is a subsidiary or a dependent joint-stock company;

4) organizations that, together with the interested issuer, are subsidiaries or dependent joint-stock companies in relation to a third organization;

5) financial consultant, market maker, underwriter providing services to an interested issuer;

6) persons affiliated with the persons specified in subparagraphs 1) and 5) of this part.

The requirements of part four of this article shall not apply to a member of the listing commission - a representative of the authorized body.

6. A listing commission shall prepare for the provision to an issuer, planning an issue of bonds, the prospectus of issue of which shall be provided for their circulation on the organized market, recommendations on the inclusion in the conditions of the issue of securities of the issuer of additional restrictions necessary to ensure the protection of the rights and interests of investors. Information on acceptance or rejection by the issuer of the recommendations of the listing commission shall be posted on the Internet resource of the stock exchange.

7. The requirements of this article shall not apply to central securities depository.

Footnote. Article 84 is in the wording of the Law of the Republic of Kazakhstan dated 21.07.2007 № 309; as amended by the Law of the Republic of Kazakhstan dated 23.10.2008 № 72-IV (the order the entry into force see Article 2); dated 20.11.2008 № 88-IV (the order the entry into force see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 26.11.2012 № 57-V (shall be enforced upon expiry of ten calendar days after its first official publication); № 311-V as of 27.04.2015 (shall be enforced ten calendar days after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (shall be enforced from 01.07.2019); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 85. The rules of an organizer of auctions

1. The auction organizer's rules shall be developed by its executive body, approved by its board of directors.

It is mandatory for all entities using the services of the auction organizer to comply with the auction organizer's rules.

2. Is excluded by Law of the Republic of Kazakhstan № 203-V as of 16.05.2014 (shall be enforced six months after its first official publication).

3. The auction organizer's rules regulate the activities of the auction organizer's members when making transactions with financial instruments admitted to circulation in the stock exchange trading system, and also the relations arising between the auction organizer, its members, clients and other persons using the services of the auction organizer.

4. The rules of an organizer of auctions shall include internal documents of an organizer of auctions, regulating matters included in the functions of an organizer of auctions.

5. Rules of stock exchange must define:

1) category of membership on stock exchange, the conditions and procedure of entry into stock exchange, rights and obligations of members of stock exchange, the conditions and procedure of suspension and termination of membership on stock exchange;

2) requirements for traders participating on behalf of a member of stock exchange in auction with securities and other financial instruments, circulating in trading system of stock exchange, as well as performing other actions with the use of trading system of this stock exchange;

3) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication);

4) excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication);

5) requirements to issuers, the securities of that intended for inclusion or included into a list of stock exchange, and also to such securities;

6) conditions and requirements for the inclusion of securities in the list of the stock exchange, their exclusion from this list and changing the category of the list;

6-1) conditions and requirements for admission of financial instruments that are not securities to circulation on the stock exchange;

7) duties and responsibilities of issuers whose securities are included in the official list of a stock exchange (including disclosure of information);

8) the list, time limits and requirements for information to be disclosed by the admittance initiator of securities included in the official list of the stock exchange;

9) conditions and methods for conducting exchange trading in securities;

9-1) a method for ensuring the fulfillment of obligations for transactions with financial instruments made in the stock exchange trading system;

10) the procedure of conducting settlements on concluded transactions on stock trading with financial instruments;

11) conditions and procedure of suspension and resumption of trading on stock exchange;

12) the methodology for evaluation of financial instruments, admitted to circulation in trading system of stock exchange;

13) responsibility of members of stock exchange and traders of stock exchange for violation of rules of stock trading, size and procedure of payment of enforced penalties by stock exchange;

14) the procedure for settlement of disputes and conflicts arising in a process of execution of transactions with financial instruments;

15) excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication);

16) the procedure of an activity of listing commission;

17) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019);

18) the rules for identification and prevention of cases of abuse of insider information, manipulation on securities market;

19) Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication);

20) Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

21) Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication);

21-1) Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication);

21-2) Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication);

22) other provisions and the procedures established by this Law.

6. Within ten working days of adoption of the rules or introduction of alterations and (or) additions thereto, the auction organizer shall notify the authorized body thereof and attach these documents.

6-1. Internal documents of the auction organizer, except for those specified in paragraph 5 of this article, are developed and approved by the executive body of the auction organizer.

7. The requirements of this article shall not apply to the central securities depository.

Footnote. Article 85 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Laws of the Republic of Kazakhstan № 203-V as of 16.05.2014 (shall be enforced six months after its first official publication); № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 166-VI as of 02.07.2018 (see the enforcement procedure in Article 2); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 86. Members of stock exchange

1. Members of stock exchange shall be professional participants of securities market and other legal entities entitled in accordance with the legislation of the Republic of Kazakhstan to execute deals in other, besides securities, financial instruments.

2. The stock exchange must have at least ten members of professional participants of securities market.

3. Members of the stock exchange may be foreign legal entities, as well as participants of the Astana International Financial Center that meet the requirements established by the regulatory legal acts of the authorized body.

4. Requirements to candidates to members of stock exchange, the procedure for admission in membership, suspension and loss of membership, and rights and obligations of members of stock exchange shall be established by the rules of stock exchange.

5. Members of stock exchange shall be entitled to participate in trades on types of financial instruments, making transactions with that is allowed to these members by rules of stock exchange.

6. Members of the stock exchange shall be obliged to provide the stock exchange with financial statements and other information, the list and terms of submission of which are determined by the rules of the stock exchange.

Footnote. Article 86 is supplemented with paragraph 6 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 87. Financing of an activity of organizer of an auction

1. is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

2. Financial contributions and fees shall be levied by an organizer of auctions in the following cases:

- 1) for membership of an organizer of auctions;
- 2) for the use of property of an organizer of auctions;
- 3) for listing of securities and their presence in a list of an organizer of auctions;
- 4) for registration and formation of transactions;
- 5) for information services;
- 6) in other cases provided for by the rules of an organizer of auctions.

Footnote. Article 87 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2).

Article 88. Activity of stock exchange

1. Stock exchange shall be entitled to organize and conduct trades with other financial instruments than securities, in accordance with the legislation of the Republic of Kazakhstan and internal documents of stock exchange.

2. Stock exchange shall carry out the following functions:

- 1) exploitation and maintenance of trading systems;
- 2) establishment of requirements for issuers, the securities of that are intended for inclusion or included into the list of stock exchange, as well as to securities and other financial instruments, admitted (have been admitted) to circulation on stock exchange;
 - 2-1) determination of the conditions and procedure for admitting financial instruments, which are not securities, to circulation in the stock exchange and for terminating such circulation;
- 3) providing to its members with access to trading systems for the purposes of making transactions with securities and other financial instruments admitted to circulation on stock exchange;
- 4) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019);
- 5) admission of traders of stock exchange to participate in an auction and their exclusion from participation in trades in cases of violation of requirements of the legislation of the Republic of Kazakhstan on securities market, rules of stock exchange, as well as other cases provided for by the rules of stock exchange;
- 6) maintain a register of traders of the stock exchange, admitted to trading, suspended from participation in trades (with indication of reasons of suspension) and its placement on Internet site of stock exchange;
- 7) organization and holding of trades on securities and other financial instruments, admitted to circulation on stock exchange;
- 8) monitoring and analysis of transactions with securities and other financial instruments concluded in the stock exchange trading system;
- 9) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019);
- 10) provide to an authorized body information on monitoring and analysis of transactions concluded in trading system of stock exchange as well as on violations by members of stock exchange of requirements of the legislation of the Republic of Kazakhstan on securities market, rules of stock exchange according to the procedure provided for by a regulatory legal act of an authorized body;
- 11) monitoring disclosure by issuers of securities listed on the official list of the stock exchange, information to the extent required by the legislation of the Republic of Kazakhstan and internal documents of the stock exchange, with the exception of issuers, all securities of which are included in the official list of a stock exchange under a simplified procedure;
- 12) organization and making of settlements for transactions with securities and other financial instruments or preparation of information required for such settlements;
- 13) is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication);

14) conducting analytical studies on issues of securities market and other financial instruments;

15) implementation of certain types of banking transactions according to the procedure provided for by the banking legislation of the Republic of Kazakhstan;

16) determine the conditions and procedure of suspension and resumption of trading on stock exchange;

17) monitoring of financial status of members of stock exchange;

18) publication on Internet site of information about all events of the quarterly financial statements of issuers, the securities of that are included in the official list of stock exchange, and members of stock exchange according to the procedure provided for by the rules of stock exchange;

18-1) participation in auctions for securities and other financial instruments admitted to circulation in the stock exchange, when settling defaults, performing the central counterparty's functions;

18-2) ensuring the functioning and technical support of the integrated information system of the exchange securities market, if the availability of such a system is provided for by the internal documents of the trade organizer;

19) other functions provided for by this Law and internal documents of a stock exchange.

3. The stock exchange participates in trading in financial instruments in its trading system when settling defaults, performing the central counterparty's functions.

4. If a transaction concluded in the organized securities market is recognized as invalid, the parties thereto are not permitted to return everything they received under this transaction.

The party guilty of committing actions that caused the invalidity of the transaction, concluded in the organized securities market, is obliged to compensate losses to the party to the transaction that suffered them, or to the person whose rights and legitimate interests were violated as a result of the transaction.

5. The stock exchange ensures the functioning and technical support of the integrated information system of the exchange securities market in accordance with the procedure established by its internal documents, if the availability of such a system is provided for by the internal documents of the trading organizer.

The users of the integrated information system of the securities exchange may be the stock exchange members, other legal entities and individuals. The procedure for access to the integrated information system of the securities exchange is established by internal documents of the stock exchange.

Securities and other financial instruments included in the stock exchange official list are not allowed for the placement and circulation in the information system of the securities exchange.

The stock exchange forms the list of securities and other financial instruments allowed for circulation in the information system of the securities exchange in accordance with its internal documents.

Footnote. Article 88 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by Laws of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); № 49-VI as of 27.02.2017 (shall be enforced ten calendar days after its first official publication); № 166-VI as of 02.07.2018 (see the enforcement procedure in Article 2); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 89. A list of stock exchange

1. The requirements and conditions for issuers whose securities are supposed to be included or included in the list of the stock exchange, as well as for such securities, are established by its rules.

The authorized body shall establish the requirements for issuers and their securities admitted to circulation on the stock exchange, as well as for certain categories of the official list of the stock exchange.

2. Issuers, whose shares are included in the categories of the official list of the stock exchange, established by the regulatory legal act of the authorized body, as well as the initiators of their admission, shall be obliged to ensure the minimum volume of placed and freely traded shares, established by the rules of the stock exchange.

3. To include the issuer's securities in the official list of a stock exchange, the issuer shall be obliged to conclude an agreement with a broker and (or) dealer for the provision of services specified in subparagraph 3) of part one of paragraph 3 of Article 64 of this Law.

The requirement of this paragraph shall not apply to an issuer that is a financial institution

4. Issuers whose emissive securities are included in the official list of the stock exchange, as well as initiators of admission of these securities shall be obliged to comply with the requirements established by this Law, the regulatory legal acts of the authorized body and the rules of the stock exchange regarding the disclosure of information about the activities of the issuer and securities included in official stock exchange listing.

5. The presence of a corporate governance code shall be mandatory for an issuer whose equity securities are included in the official list of the stock exchange.

An issuer whose equity securities are included in the official list of the stock exchange shall have the right to use the Kazakhstani (country) corporate governance code adopted by the National Council for Corporate Governance under the National Chamber of Entrepreneurs of the Republic of Kazakhstan.

An issuer whose equity securities are included in the official list of the stock exchange, when using the Kazakhstan (country) corporate governance code, annually discloses

information on compliance with the Kazakhstan (country) corporate governance code as part of the annual report by publishing it on its corporate Internet resource in accordance with the procedure and terms established by the Kazakh (country) code of corporate governance.

The requirements of this paragraph shall not apply to issuers issuing exclusively bonds subject to private placement, as well as issuers belonging to small businesses.

Footnote. Article 89 - as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 90. Activity of quotation organization of securities market off exchange

Footnote. Article 90 is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.07.2019).

Article 90-1. Conditions and procedure for the central counterparty's operation

1. A clearing organization, the central securities depository or a stock exchange may be the central counterparty on the conditions and in the manner established by the regulatory legal act of the authorized body.

2. The central securities counterparty is obliged to:

- 1) ensure the establishment and operation of the risk management system;
- 2) maintain at a minimum level the reserve fund of the central counterparty, formed from its own assets, and guarantee funds, formed from the contributions of clearing participants;
- 3) perform other functions determined by the regulatory legal act of the authorized body.

3. The requirements for the central counterparty's risk management system, the conditions and procedure for the monitoring, control and management of the central counterparty's risks are established by the regulatory legal act of the authorized body.

Footnote. Chapter 17 is supplemented with Article 90-1 in accordance with Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (effective ten calendar days after the date of its first official publication).

Article 90-2. Limited liability and rights of the central counterparty

1. The central counterparty's responsibility for making transactions with financial instruments, with regard to which it accepted the status of a party to the transaction using novation or another method, is limited by the assets of its reserve fund for a certain type (name) of financial instruments (or for a specific market, sector of organized securities market), in the amount established by the central counterparty's internal documents.

2. The central counterparty, on the conditions and under the procedure for sale established by the authorized body's regulatory legal act and (or) the central counterparty's internal documents, has the rights to:

- 1) determine the insolvency of a clearing member or its inability to fulfill obligations under concluded transactions with financial instruments;

2) execute transactions (forced closure of positions, payments, transfers of financial instruments) of a clearing member or manage its assets (conclude and execute any transactions, contracts), apply (use) its partial collateral or other assets to settle its default;

3) use financial assets at its disposal to cover default losses, including margin contributions, assets of guarantee or reserve funds of the clearing organization (central counterparty);

4) use own assets of a clearing member (held in the accounts of the central securities depository and (or) settlement organization serving the clearing organization) on the conditions and in the manner established by a relevant accession agreement between the central counterparty and this clearing member, to settle the default with regard to a transaction concluded by this clearing member in the interests of its client, using the services of the central counterparty.

3. All the clients of the central counterparty shall have free access to its internal documents relating to the conditions and procedure for exercising the rights and carrying out the procedures specified in paragraph 2 of this article.

4. Actions taken by the central counterparty to settle default in order to fulfill the legitimate requirements of bona fide bidders and carried out in accordance with its internal documents may be invalidated only by a court decision.

At the same time, an appeal of these actions in court does not suspend their execution.

Footnote. Chapter 17 is supplemented with Article 90-2 in accordance with Law of the Republic of Kazakhstan № 422-V as of 24.11.2015 (shall be enforced from 01.01.2016); as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication).

Chapter 18. Professional organizations and mutual insurance associations in the securities market

Footnote. Title of Chapter 18 is in the wording of the Law of the Republic of Kazakhstan dated 19.02.2007 № 230 (the order of the entry into force see Article 2).

Article 91. Objectives of a professional organization

The main objectives of a professional organization are the protection of the rights and interests of its members, and also the creation of uniform conditions for professional activities in the securities market of the Republic of Kazakhstan.

Footnote. Article 91 is in the wording of the Law of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2).

Article 92. Legal status of professional organizations

The name of a professional organization shall contain an indication of the main type of activity of this organization's members, and also the words "association", "union" or "alliance".

Footnote. Article 92 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 93. Functions of a professional organization

1. The functions of a professional organization are as follows:

1) submission to the authorized body of proposals for draft regulatory legal acts, development of regulatory legal acts establishing the procedure for professional activities in the securities market;

2) consideration of disputes arising in the securities market between members of a professional organization, and disputes between its members and their clients;

3) the development of training programs and the training of individuals who intend to carry out activities in the securities market;

4) establishment of uniform rules and standards of professional activities of members of a professional organization;

5) preparation and publication of ratings of members of a professional organization;

6) conducting audits of activities of members of a professional organization;

6-1) petitioning to the authorized body for the suspension and revocation of a license of a member of a professional organization;

7) control over activities of its members in the securities market and application of enforcement measures established by its internal documents to its members that violated the laws of the Republic of Kazakhstan and internal documents of the professional organization.

2. A professional organization has the right to require its members to provide information on their activities in the securities market, except for information constituting a trade or another law-protected secret.

3. A professional organization is obliged to make its members aware of information on their activities provided by the authorized body.

Footnote. Article 93 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 12.02.2007 № 222 (shall be enforced upon expiry of six months after its first official publication).

Article 94. Internal documents of a professional organization

1. Internal documents of a professional organization shall establish:

1) rules and standards of the activity of members of a professional organization;

2) rules for taking control measures by a professional organization in relation to its members' activities;

3) rules for resolving disputes between members of a professional organization;

4) rules for admission to membership of a professional organization, suspension of membership and expulsion of members of a professional organization;

5) professional conduct rules for members of a professional organization;

6) is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

7) procedure for the activities of divisions, committees, branches and representative offices of a professional organization.

2. Internal documents of a professional organization are developed by the council of its members and approved by the general meeting of its members.

Internal documents of a professional organization are binding on its members from the date established by the general meeting of its members.

Footnote. Article 94 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2).

Article 95 . (Article 95 is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2).

Article 96. (Article 96 is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2).

Article 97. Interrelation of self-regulatory organization with an authorized body

1. The authorized body may not interfere in the activities of a professional organization, except for the cases provided for by this Law and the legislation of the Republic of Kazakhstan on the securities market.

2. A professional organization is obliged to make the authorized body aware of violations of the legislation of the Republic of Kazakhstan, its internal documents by its member, and also of enforcement measures applied to its members.

3. The authorized body shall involve specialists of a professional organization in the development of a regulatory legal act affecting the interests of members of professional organizations and their clients.

Article 98. The procedure of admission to membership of self-regulatory organization

1. The procedure for admission to membership in a professional organization is established by its internal documents.

2. An application for admission to membership in a professional organization shall be considered within thirty calendar of its receipt by the professional organization. The application shall be submitted together with documents, the list of which is determined by the internal documents of a professional organization. A decision on admission to membership in a professional organization is made by the council of its members.

3. A decision to refuse admission to membership in a professional organization may be appealed to a court.

Article 99. Termination of membership in a professional organization

1. The expulsion of a member of a professional organization is carried out in accordance with its internal documents in the cases as follows:

- 1) at the request of a member of a professional organization;
- 2) revocation of a license for professional activity in the securities market of a member of a professional organization or termination of its license;

3) violation by a member of a professional organization of the legislation of the Republic of Kazakhstan and internal documents of a professional organization.

2. Expulsion of a member of a professional organization may be appealed to a court within one month of delivery of a copy of the decision of the council of the professional organization's members on expulsion.

Footnote. Article 99 as amended by the Laws of the Republic of Kazakhstan dated 12.01.2007 № 222 (shall be enforced upon expiry of six months after its first official publication).

Article 100. Protection of rights and interests of clients of members of a professional organization

1. A professional organization protects the rights and interests of its members' clients by considering their applications. Pursuant to consideration of clients' applications and given sufficient grounds, a professional organization shall apply enforcement measures to a member of a professional organization.

2. A client of a member of a professional organization may appeal to the authorized body for unlawful refusal to consider its application.

Footnote. Article 100 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2).

Article 100-1. Mutual insurance association of responsibility of professional participants of securities market

1. For the purposes of security of compensation of losses to investors caused by professional participants of securities market, professional participants of securities market shall be entitled to create associations of mutual insurance in accordance with the legislation of the Republic of Kazakhstan concerning mutual insurance.

2. Particularities of creation and functioning of mutual insurance associations of professional participants of securities market shall be established by regulatory legal act of an authorized body.

Footnote. The Law is supplemented with Article 100-1 in accordance with the Law of the Republic of Kazakhstan dated 19.02.2007 № 230 (the order of the entry into force see Article 2).

Chapter 19. Information on securities market

Article 101. Disclosure of information by an issuer in a process of placement of issuance securities on primary securities market

Footnote. Article 101 is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 102. Disclosure of information by the issuer

1. The disclosure of information in the securities market shall be understood to mean its availability to all interested parties, regardless of the purpose of obtaining this information in accordance with legislative acts of the Republic of Kazakhstan.

The information contained in the conditions for issuing securities is available to all persons interested in this, except for the cases provided for by this Law.

2. During the period of circulation of equity securities, the issuer, in accordance with the procedure and terms established by this Law and the regulatory legal acts of the authorized body, shall be obliged to disclose on the Internet resource of the financial reporting depository:

1) information about the issuer's corporate events, except for information about the events specified in subparagraphs 3), 5), 6) and 6-1) of paragraph 5 of this article disclosed by the central securities depository;

2) information on the total amount of remuneration of members of the executive body of the joint-stock company at the end of the year;

3) information about affiliated persons of the joint-stock company;

4) the composition of participants owning ten or more percent of the issuer's shares;

5) a list of organizations in which the issuer owns ten or more percent of the shares (interests, shares) of each such organization;

6) the issuer's annual financial statements and the issuer's audit reports (disclosure of audit reports shall be carried out by issuers subject to mandatory audit in accordance with the Law of the Republic of Kazakhstan "On Auditing");

7) methods for determining the value of shares when they are redeemed by a joint-stock company on an unorganized market.

The requirements provided for in subparagraphs 1) and 3) of part one of this paragraph shall not apply to information and data related to the management of gold and foreign exchange assets of the National Bank of the Republic of Kazakhstan and (or) assets of the National Fund of the Republic of Kazakhstan.

The issuer, whose securities are included in the official list of the stock exchange, in addition to the information specified in part one of this paragraph, shall be obliged to disclose quarterly financial statements on the Internet resource of the financial statements depository.

3. The issuer, whose securities are included in the stock exchange official list, is obliged to additionally disclose the information specified in paragraph 2 of this article, and also other information determined by internal documents of a stock exchange, on the website of the stock exchange.

4. The circulation period of issue-grade securities, the issue of which is registered in the manner prescribed by the legislation of the Republic of Kazakhstan, shall be understood to mean:

a period from the date of the authorized body's decision on state registration of the shares' issue until the date of cancellation of the shares' issue, during which civil transactions may be concluded with the shares - with regard to shares;

a period determined by a prospectus for the issue of bonds, during which civil transactions may be concluded with the bonds - with regard to bonds;

a period from the date of the authorized body's decision on state registration of the units' issue until the date of dissolution of the mutual fund, during which civil transactions may be concluded with the units - with regard to units;

a period determined by the terms of issue of issue-grade securities, during which civil transactions may be concluded with these securities - with regard to other issue-grade securities.

5. Information on corporate events shall mean information on:

1) decisions adopted by the general meeting of shareholders (participants) or the sole shareholder (participant);

2) election of the management body (supervisory board), executive body (person solely performing the functions of the executive body), the issuer with an indication of the composition of the management body (supervisory board), the executive body (person solely performing the functions of the executive body) of the issuer, as well as changes in the composition of the management body (supervisory board), the executive body (person solely performing the functions of the executive body) of the issuer;

3) changes in the composition of shareholders owning ten or more percent of the issuer's voting shares;

3-1) changes in the composition of participants owning ten or more percent of the issuer's shares;

4) the following decisions taken by the issuer's board of directors or the relevant body of the issuer, which is not a joint-stock company, authorized to make these decisions on:

convening the annual and extraordinary general meetings of shareholders (participants);

placement (realization), including the number of placed (realized) shares within the number of declared shares, method and price of their placement (realization);

repurchase by the issuer of outstanding shares, if the number of shares repurchased by the company exceeds one percent of the total number of outstanding shares, and the price of their repurchase;

issue of bonds and derivative securities;

conclusion of large transactions and (or) transactions that simultaneously meet the following conditions: are transactions in which the joint-stock company has an interest, and are associated with the acquisition or alienation of property, the value of which is ten or more percent of the total balance sheet value of the joint-stock company's assets on the date of adoption by the authorized body of the joint-stock company of a decision on the conclusion of such transactions;

5) the conversion of securities and (or) other monetary obligations of a joint-stock company into its ordinary shares;

6) the exchange of placed shares of one type of a joint-stock company for its shares of another type;

6-1) splitting of shares;

7) changes in the list of organizations in which the issuer holds ten or more percent of the shares (interests, units) of every such organization;

8) major transactions by the joint-stock company and (or) transactions that simultaneously meet the following conditions: are transactions in which the joint-stock company has an interest, and are associated with the acquisition or alienation of property, the value of which is ten or more percent of the total book value of the assets of the joint-stock company; of the company as of the date when the authorized body of the joint-stock company makes a decision to conclude such transactions.

Information about a transaction, as a result of which property is acquired or alienated in the amount of ten or more percent of the size of the joint-stock company's assets, must include information about the parties to the transaction, the acquired or alienated assets, the terms and conditions of the transaction, as well as, if available, other information about the transaction;

9) a court decision on the issuer's compulsory liquidation or reorganization, and also on compulsory liquidation or reorganization of its subsidiaries and affiliates;

10) the pledge (re-pledge) of the issuer's property in the amount of ten or more percent of the total book value of this issuer's assets, and also on release of the pledge (re-pledge) of the issuer's property worth ten or more percent of the total book value of this issuer's assets;

11) the seizure of property (the lift of seizure of property) of the issuer, which is worth ten or more percent of the total book value of the issuer's assets;

12) the issuer's receipt of a loan worth twenty-five or more percent of the total book value of the issuer's assets, and also on full repayment of the principal debt and accrued interest on this loan;

13) the occurrence of circumstances of an extraordinary nature resulting in the destruction of the issuer's property, the book value of which amounted to ten or more percent of the total size of the issuer's assets;

14) the initiation of a corporate dispute in court;

15) the receipt (termination, suspension) of the first-category permits;

16) the change of main activities by the issuer of non-government securities;

17) other events affecting the interests of the issuer's shareholders (participants) and (or) investors, in accordance with the issuer's charter and prospectus for its issue of issue-grade securities.

6. The issuer shall disclose information on corporate events within three working days of their occurrence, unless otherwise provided by the legislation of the Republic of Kazakhstan for the terms of its publishing (bringing to the attention of securities holders).

The issuer shall disclose information on the websites of the financial reporting depository and the stock exchange in Kazakh and Russian as required by this article.

7. The procedure for the issuer's disclosure of information, the requirements for the content of information to be disclosed by the issuer, and also the timing for the issuer's disclosure of information on the website of the financial reporting depository, are established by the regulatory legal act of the authorized body.

The procedure for the issuer's disclosure of information, the requirements for the content of information to be disclosed, and also the timing for disclosing information on the stock exchange's website, are established by the stock exchange's internal documents.

7-1. The requirements of paragraphs 2 and 3 of this article shall not apply to limited liability partnerships that exclusively issue bonds subject to private placement, not included in the official list of the stock exchange.

7-2. The requirements of paragraph 2 of this article shall apply to organizations that are residents of the Republic of Kazakhstan that have issued issuance securities on the territory of the Astana International Financial Center.

8. The requirements of this article do not apply to non-resident issuers of the Republic of Kazakhstan and international financial institutions.

Footnote. Article 102 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019); as amended by the Law of the Republic of Kazakhstan dated 25.11.2019 № 272-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 103. Disclosure of information by a licensee

Licensee shall be obliged to:

1) in accordance with a contract, disclose to its client information that affects their rights and interests;

2) provide to clients an opportunity to review the information available to a licensee information about financial instruments and issuers (except for information constituting a commercial secret of securities market and other secrets protected by the laws);

3) notify your client about the possibilities and facts of a conflict of interest in the process of making a transaction with financial instruments on the order of this client and (or) providing investment advisory services to him;

4) inform its clients about restrictions and special conditions established by the legislation of the Republic of Kazakhstan, in respect of transactions with financial instruments, intended to be committed;

5) explain to its client the reasons for refusal in execution of his order;

6) submit to an authorized body information on performance of transactions with financial instruments, in that the legislation of the Republic of Kazakhstan is set to mandatory disclosure of information about them, and also about clients, on the orders of that have been committed such transactions;

7) bring to the attention of clients information obtained from issuers and intended for distribution;

8) to disclose to clients information on the activity of a licensee, in an amount and according to the procedure provided for by regulatory legal acts of an authorized body;

8-1) place on a website or in a place available for review by clients, and keeping up to date information about the size of commission fee collected from clients - individuals for the provision of services within the framework of realization of professional activity on securities market, with indication of name of body of a licensee, that has approved the size of commission fees, dates and numbers of a decision of a body of a licensee on their approval;

9) bring to the attention of an authorized body changes and amendments in the documents submitted for obtaining a licence, in a period not later than ten calendar days from the date of entry of such amendments and additions.

Footnote. Article 103 as amended by the Laws of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 104. Disclosure of information by organizer of an auction

1. An organizer of an auction shall be obliged to disclose to any interested persons about available information on securities included in its list, and their issuers (except for information constituting a commercial secret on securities market).

2. The information to be disclosed by the auction organizer in accordance with paragraph 1 of this Article shall be disseminated by them through mass media in accordance with the Law of the Republic of Kazakhstan "On Mass Media" and/or by other means available to the auction organizer.

3. The procedure of dissemination of information subjected to disclosure by an organizer of auctions in accordance with paragraph 1 of this article, among the members of this organizer of auctions and the procedure for provision to interested parties of copies of available documents containing information, determined by internal documents of organizer of auctions.

Footnote. Article 104 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2); dated 19.06.2024 № 94-VIII (shall be enforced upon expiry of sixty calendar days after the date of its first official publication).

Article 105. Disclosure of information by investor and registered person

1. The registered person is obliged to inform the central securities depository (nominee holder) of changes in its data contained in the accounting system of the central securities depository and (or) the nominee holding accounting system, within ten working days of their occurrence.

2. The central securities depository (nominee holder) is not liable to the registered person for losses incurred as a result of a failure to receive or untimely receipt by the registered person of information about changes in the data contained in the system of registers of securities holders and (or) the nominee holding accounting system.

3. By legislative acts of the Republic of Kazakhstan can be established liability of an investor (holder of securities) to disclose information on its affiliated persons to state bodies upon implementation of investment in issuance securities.

Footnote. Article 105 as amended by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 106. Disclosure of information by an authorized body

Footnote. Article 106 is excluded by Law of the Republic of Kazakhstan № 166-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Article 107. The right to information of the authorized body

The authorized body, in order to ensure high-quality and timely performance of the functions assigned thereto, and also to generate monetary statistics and analyze the economic situation, shall, within its competence, receive necessary information (including that constituting a trade secret in the securities market) from an issuer, licensee and professional organization, and also from other individuals and legal entities. The information it receives is not subject to disclosure, except for the cases provided for by the legislation of the Republic of Kazakhstan on state secrets.

In order to monitor the observance of deadlines for registration of the issue of authorized shares, set by this Law, the “Government for Citizens” State Corporation and (or) justice agencies, upon request, provide information to the authorized body about legal entities registered in the organizational legal form of a joint-stock company.

Footnote. Article 107 as amended by Law of the Republic of Kazakhstan № 30-V as of 05.07.2012 (shall be enforced ten calendar days after its first official publication); as amended by Laws of the Republic of Kazakhstan № 241-VI as of 02.04.2019 (shall be enforced from 01.07.2019).

Chapter 20. Control over activities of subjects of securities market

Article 108. The audit of activities of professional participants in the securities market, major participants in the investment portfolio manager, professional organizations and issuers

1. The authorized body has the right to audit the activities of professional participants in the securities market, major participants in the investment portfolio manager, professional organizations and issuers.

2. The authorized body audits professional participants in the securities market, major participants in the portfolio manager, professional organizations and issuers independently or with the involvement of other state bodies and (or) organizations.

When auditing the activities of professional participants in the securities market, the authorized body can audit the activities of their affiliates only for the purposes of determining the extent and nature of their influence on the activities of professional participants in the securities market.

Footnote. Article 108 as amended by Law of the Republic of Kazakhstan 02.07.2018 № 168-VI (shall be enforced ten calendar days after its first official publication).

Article 109. The procedure of conducting inspections of a subject of securities market

(is excluded by the Law of the Republic of Kazakhstan dated 23.10.2008 № 72-IV (the order of the entry into force see Article 2)).

Article 110. Control over and supervision of the issuer's activity

The control over and supervision of issuers' activities is carried out in the form of an inspection and other forms in accordance with the legislation of the Republic of Kazakhstan with regard to such issues as:

1) observance by issuers of non-government issuance securities of the conditions established by the prospectus of the issue of non-government issuance securities and the legislation of the Republic of Kazakhstan on the securities market and joint-stock companies, including the procedure for paying income on non-government issuance securities;

2) compliance with the requirements of the legislation of the Republic of Kazakhstan on joint-stock companies when making major transactions and self-dealing transactions;

3) compliance with the requirements established by this Law on the disclosure of information about their activities by issuers of non-government issue-grade securities;

4) observance of the rights and interests of securities holders;

5) compliance by issuers of non-government issue-grade securities with the requirements of the legislation of the Republic of Kazakhstan on the securities market and joint-stock companies when submitting documents for state registration of the issue of non-government issue-grade securities, registration of alterations and (or) additions to the prospectus of the issue of non-government issue-grade securities, approval of a report on results of the placement or redemption of non-government issue-grade securities and a report on the exchange of placed shares of one type of a joint-stock company for its shares of another type.

Footnote. Article 110 as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced upon expiry of sixty calendar days after its first official publication).

Article 111. Control over activity of a licensee

For implementation of control functions an authorized body shall be entitled to conduct inspections of a licensee on the following issues:

- 1) compliance of the activity carried out in the securities market with the legislation of the Republic of Kazakhstan, internal documents of a professional organization and licensee;
- 2) observance of rights and interests of clients in a process of implementation of licensed type of activity;
- 3) compliance with prudential standards and other indicators or criteria (normative standards) of financial stability of licensee;
- 4) voluntary reorganization or liquidation;
- 5) termination of a licence in connection with a voluntary return of a licence.

Footnote. Article 111 as amended by the Laws of the Republic of Kazakhstan dated 23.10.2008 № 72-IV (the order of the entry into force see Article 2).

Article 112. Control over the activity of a professional organization

In order to exercise control functions in relation to a professional organization, the authorized body is entitled to:

- 1) require information on the activity of a professional organization, and also on its members' activities;
- 2) send binding instructions to the professional organization and require them to report on their implementation.

Chapter 21. Final provisions

Article 113. Appeal of decisions and actions (inaction) of the authorized body

Footnote. The heading of Article 113 as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019).

Persons guilty of violation of the legislation of the Republic of Kazakhstan on securities market, shall bear responsibility in accordance with the Laws of the Republic of Kazakhstan.

Actions (inaction) of the authorized body in the field of regulating professional activities of securities market actors may be appealed in the manner prescribed by the laws of the Republic of Kazakhstan.

An appeal of the authorized body's decision on the application of supervisory response measures (except for recommended supervisory response measures) and (or) sanctions against a professional participant in the securities market does not suspend the execution of an appealed decision or action (inaction).

Footnote. Article 113 as amended by Law of the Republic of Kazakhstan № 168-VI as of 02.07.2018 (shall be enforced from 01.01.2019); dated 29.06.2020 № 351-VI (effective from 01.07.2021).

Article 113-1. Consequences of the recognition of governmental registration of an issue of shares as invalid or of equity issue as frustrated in joint stock companies equity issue of that has been registered prior to the entry into force of this Law

1. In case of recognition of governmental registration of an issue of shares as invalid in joint stock companies, equity issue of that has been registered prior to the entry into force of this Law, to the cancellation shall be subjected all issue of shares of this joint stock company.

2. In case of recognition equity issue of company as frustrated prior to the entry into force of this Law this issue shall be cancelled on the basis of a decision on recognition of equity issue of company as frustrated.

Footnote. The Law is supplemented with Article 113-1 in accordance with the Law of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of the entry into force see Article 2).

Article 113-2. Disclosure of information on clients of nominal holder

Footnote. The Law is supplemented with Article 113-2 in accordance with the Law of the Republic of Kazakhstan dated 19.02.2007 № 230 (the order of the entry into force see Article 2); excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.07.2021).

Article 114. The order of the entry into force of this Law

1. This Law shall enter into force from the date of its first official publication.

1-1. Second part of paragraph 1 of Article 22 of this Law is valid until January 1, 2016.

2. Shall be declare to be no longer in force:

1) The Law of the Republic of Kazakhstan dated 05.03.1997 “On securities market” (Gazette of the Parliament of the Republic of Kazakhstan 1997, № 5, art. 52; № 12, art. 184; № 13-14, art. 205; 1998, № 17-18, art. 224; 1999, № 20, art. 727; 2000, № 22, art. 408; 2001, № 15-16, art. 238; the Law of the Republic of Kazakhstan dated 16.05.2003 “On amendments and additions to some legislative acts of the Republic of Kazakhstan on securities market and joint stock companies” published in newspapers “Egemen Kazahstan” dated 23.05.2003 and “Kazakhstanskaya Pravda” dated 21.05.2003; the Law of the Republic of Kazakhstan dated 03.06.2003 “On amendments and additions to some legislative acts of the Republic of Kazakhstan on mortgage credit” published in newspapers “Egemen Kazahstan” and “Kazakhstanskaya Pravda” dated 10.06.2003);

2) The Law of the Republic of Kazakhstan dated 05.03.1997 “On registration of transactions with securities in the Republic of Kazakhstan” (Gazette of the Parliament of the Republic of Kazakhstan, 1997, № 5, art. 53; № 13-14, art. 205; 1998, № 17-18, art. 224; 2001 , № 8, art. 52; № 15-16, art. 238; 2002, № 17, art. 155; 2003, № 10, art. 49; the Law of the Republic of Kazakhstan dated 16.05.2003 “On amendments and additions to some legislative acts of the Republic of Kazakhstan on securities market and joint stock companies” published in newspapers “Egemen Kazahstan” dated 23.05.2003 and “Kazakhstanskaya Pravda” dated 21.05.2003).

Footnote. Article 114 as amended by the Law of the Republic of Kazakhstan dated 12.01.2012 № 538-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

The President of the Republic of Kazakhstan

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