

# CENTRAL SECURITIES DEPOSITORY JSC

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## PRESS-RELEASE

Almaty

April 05, 2017

### **Central Securities Depository JSC meets each of the Requirements of Rule 17f-7 of the U.S. Investment Company Act**

Having examined Rule 17f-7 of the U.S. Investment Company Act (hereinafter – Rule 17f-7) Central Securities Depository JSC (hereinafter – the Central Securities Depository) confirms its compliance with the Requirements of Rule 17f-7 according to which the U.S. registered investment companies may assign custody of foreign assets with an “Eligible Securities Depository” (“ESD”) only.

An Eligible Securities Depository shall meet the following requirements:

- 1) Acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated, or a transnational system for the central handling of securities or equivalent book-entries;
- 2) Is regulated by a foreign financial regulatory authority;
- 3) Holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants;
- 4) Maintains records that identify the assets of each participant and segregate the system's own assets from the assets of participants;
- 5) Provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account;
- 6) Is subject to periodic examination by regulatory authorities or independent accountants.

The Central Securities Depository meets the Requirements of Rule 17f-7 and is an Eligible Securities Depository insofar as:

- 1) In accordance with Clause 73, Article 1, Law of the Republic of Kazakhstan On Securities Market the Central Securities Depository is a specialized non-profit organization, the only one within the Republic of Kazakhstan exercising activities on nominal holding of securities for other nominal holders, and making settlements on the transactions with financial instruments executed at the securities on-exchange market. Moreover, in line with Sub-Clause 2), Clause 1, Article 80 of the above-mentioned Law of the Republic of Kazakhstan the Central Securities Depository effects settlements in financial instruments on the transactions executed at the regulated exchange securities market, and on the transactions executed at the over-the-counter securities market with involvement of its participants (between participants themselves; between a participant on one hand and the client of another participant on the other hand; between clients of different participants), and other clients;
- 2) as consistent with Sub-Clause 19) Clause 1, Article 3 of the above-stated Law the

National Bank of the Republic of Kazakhstan (the competent authority) performs control and supervision over business operations of the Central Securities Depository;

- 3) the Procedure for Rendering Services to Clients is described in the Code of Rules of the Central Securities Depository, no personal exceptions is provided by the Code of Rules of the Central Securities Depository. The service amount and payment procedure of the Central Securities Depository is established by the Regulation on Tariffs and Fees of the Central Securities Depository; in this particular case, there is only one personal exception for Information-and-Registration Center JSC (the Republic of Kazakhstan) with respect to the shares pertain to the Republic of Kazakhstan;
- 4) pursuant to Clause 5, Article 45 of the above-referenced Law, the financial instruments of clients (participants of the Central Securities Depository) shall be recorded by the Central Securities Depository separately from its own assets, and shall not be included into a collation in the event of the bankruptcy of the Central Securities Depository, and (or) property assets of the Central Securities Depository;
- 5) in accordance with resolution of the Management Board of the National Bank of the Republic of Kazakhstan # 254 dated December 19, 2015 Concerning approval of the Regulations for Running Activities of the Central Securities Depository, the Central Securities Depository shall report to its clients and (or) securities holders on the position (balance) of their personal accounts (subaccounts), bank accounts and the transactions made via specified accounts. Timeframes for submission of the statements from personal accounts (subaccounts) and bank accounts of the clients and (or) securities holders are set by the Code of Rules of the Central Securities Depository; and
- 6) as outlined in Clause 1, Article 78, Law of the Republic of Kazakhstan On Joint Stock Companies, the Company shall undertake an audit of annual financial statements. In addition, in line with Sub-Clause 19) Clause 2, Article 3, Law of the Republic of Kazakhstan On Securities Market the competent authority, within the limits of its competence, shall oversight and supervise over activities of issuers, the Central Securities Depository, the Integrated Securities Registrar and license holders, and also examine their operations.