

CODE OF RULES OF CENTRAL SECURITIES DEPOSITORY JSC

A g r e e d

with the Agency of the Republic of
Kazakhstan on regulation and supervision
of financial market and financial
organizations
on September 04, 2006

A p p r o v e d

by the decision of shareholders
extraordinary general meeting of
Central Securities Depository JSC
(minutes # 2 dated November 16, 2006)

E f f e c t i v e

from January 01, 2007

RULES

of Servicing and Redemption of Government Treasury Obligations

NOTICE

English version of the Rules has been translated by employees of the Central Securities Depository for information purposes only. In case of any discrepancies between two language versions hereof, the Russian version shall prevail.

Almaty

2006

These "Rules of Servicing and Redemption of Government Treasury Obligations" (hereinafter the Rules) were developed in concordance with the Civil Code of the Republic of Kazakhstan, the Laws of the Republic of Kazakhstan "On Joint Stock Companies", "On Securities Market", "On Payments and Remittances", "Rules of Issue, Placement, Circulation, Service and Redemption of Government Treasury Obligations of the Republic of Kazakhstan", "Rules of Execution of Central Securities Depository's Activities at Securities Market", "Rules of Establishment, Licensing, Regulation, Termination of the Organization Executing Certain Types of Banking Operations", by normative legal acts regulating the work of payment system of the Republic of Kazakhstan and by other legislative and normative legal acts of the Republic of Kazakhstan.

The Rules are integral part of "Code of Rules of Central Securities JSC" (hereinafter the Code of Rules) and define a procedure of servicing and redemption of the government treasury obligations issued by the Ministry of Finance of the Republic of Kazakhstan (hereinafter the Issuer) in Central Securities Depository JSC (hereinafter the Central Securities Depository), include:

- a procedure of interaction of the Central Securities Depository with the Issuer, clients, a financial agent, an operator of payment system (ISMT),
- a procedure of registration of transactions at the primary market,
- a procedure of accruing coupon on the government treasury obligations,
- a procedure of coupon payment on the government treasury obligations,
- a procedure of buying out and early redemption of the government treasury obligations,
- a redemption procedure of issue of the government treasury obligations.

Observance of these Rules is obligatory for all subjects of securities market which use the services of the Central Securities Depository.

1. BASIC CONCEPTS

1. The basic concepts used in the legislation of the Republic of Kazakhstan, as well as the following terms are used in these Rules:
 - 1) buying out the government treasury obligations – when General financial agent purchases/sells the government treasury obligations at the secondary market on behalf of, by and for the benefit of the Issuer,
 - 2) an agreement – "Agreement on servicing the government treasury obligations in Central Securities Depository JSC issued by the Ministry of Finance of the Republic of Kazakhstan"¹,
 - 3) an interbank system of money transfer (hereinafter – ISMT) – is a system of money transfer in the Republican state enterprise "Kazakhstan Interbank Settlement Centre of the National Bank of Kazakhstan" (hereinafter – KISC), rendering the service of cashless transferring in national currency,

¹ Appendix # 1.

- 4) net position – a position of user (client or the Central Securities Depository) in ISMT or client's current account opened in the Central Securities Depository,
- 5) Settlement Unit – is the unit of the Central Securities Depository, which transfers money under the registration of financial instruments transactions, coupon payment and redemption of financial instruments,
- 6) information on issue¹ – is a data containing the terms of issue, placement, coupon payment and redemption of the government treasury obligations.

2. GENERAL INFORMATION

1. A recordkeeping of the government treasury obligations is implemented on the primary dealers' personal accounts and on investors' personal subaccounts opened on personal accounts of the primary dealers.
2. A registration of government treasury obligations transactions, made at the secondary market, is implemented in concordance with the "Rules of Execution of Depository Activities" that are integral part of the Code of Rules.
3. The documents can be interchanged by means of original documents (or fax messages) or electronic documents.
4. The original documents (or fax messages) are interchanged in accordance with the Appendixes to these Rules and the Code of Rules. The electronic documents are interchanged in compliance with message formats approved by the Parties.
5. The electronic documents are interchanged via an electronic system of data transmission, which is defined by:
 - 1) the Issuer, while the documents are interchanged between the Issuer and the Central Securities Depository,
 - 2) the Financial agent and the Central Securities Depository, while the documents are interchanged between the Financial agent and the Central Securities Depository,
 - 3) the Central Securities Depository, while the documents are interchanged between the Central Securities Depository and the primary dealers.

3. THE PROCEDURE OF CONCLUDING THE AGREEMENT

Under making the agreement, the Central Securities Depository must provide to the Issuer:

- 1) a copy of its Charter,
- 2) a copy of the certificate on the state registration of legal entity,
- 3) a copy of legal entity's statistical card,
- 4) a copy of the license on implementation of depository activities issued by an authorized body,

¹ Appendix # 2.

- 5) a copy of the license on implementation of banking operations,
- 6) a copy of the Code of Rules,
- 7) a notarized signature and seal specimen card.

4. THE PROCEDURE OF OPENING AND CLOSING THE PRIMARY DEALERS' PERSONAL ACCOUNTS

1. The personal account can be opened in the Central Securities Depository only for the primary dealer who is the nominal holder of securities.
2. The Financial agent provides the list of clients of the Central Securities Depository who have the status of the primary dealer, as well as amendments and additions to this list to the Central Securities Depository.
3. In case if the primary dealer was not the Central Securities Depository's client before this list was proposed, he must provide the documents within three business days in order to open personal account. The list of documents under opening the personal account is determined by the "Rules of Execution of Depository Activities".
4. In case the client is deprived its status of the primary dealer, the Central Securities Depository shall stop registration of government treasury obligations transactions on this client's personal account on the day this information was provided by the Financial agent, except the following types of transaction:
 - 1) transferring the government treasury obligations out of client's nominal holding to other primary dealer,
 - 2) closing or non-fulfillment of repo transactions, including repo (with blocking),
 - 3) closing or non-fulfillment of operations of pledge of rights on the government treasury obligations,
 - 4) redeeming the government treasury obligations.
5. The client with deprived status of the primary dealer must transfer the government treasury obligations into the nominal holding of other primary dealers within thirty calendar days.

5. THE PROCEDURE OF ACCEPTING FOR SERVICE SECURITIES' ISSUE

1. The Central Securities Depository shall accept for service the issue of the government treasury obligations based on the information on issue.
2. The Financial agent shall provide to the Central Securities Depository the information on issue within five business days before flotation of the government treasury obligations.
3. Due to provided information, the Central Securities Depository shall enter into its recordkeeping system the information on issue of the government treasury obligations.

6. THE PROCEDURE OF REGISTERING TRANSACTIONS AT THE PRIMARY MARKET

1. Within the terms established by internal rules of the Financial agent, the Financial agent shall provide an instruction on registration of government treasury obligations transactions concluded at the primary market¹ (hereinafter the instruction).
2. Within one hour after the instruction was accepted, the Central Securities Depository shall form a payment order on money charge-off from the net position of the primary dealer to the net position of the Central Securities Depository. The payment order is formed on each primary dealer to the amount of concluded government treasury obligations transactions by the primary dealer and its customers at the primary market.
3. The payment orders are sent to:
 - 1) ISMT – on the primary dealers that have current position at ISMT,
 - 2) the Settlement Unit – on the primary dealers that have current position at the Central Securities Depository.
4. Based on a notification received from ISMT and the Settlement Unit on insufficiency of money at the net position of the primary dealer, the Central Securities Depository shall send to the Financial agent and primary dealer a report on non-fulfillment of the instruction indicating the reasons.
5. Based on received notification on money charge-off from the net position of the primary dealer, the Central Securities Depository shall form and send to ISMT the payment order about transferred money from the net position of the Central Securities Depository to the net position of a Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan (hereinafter the Treasury).
6. Based on the notification on money charge-off from the net position of the Central Securities Depository, the Central Securities Depository shall credit the government treasury obligations on the subaccounts of the primary dealers and their customers and sends the report about registered transactions to the Financial agent and primary dealers.

7. THE PROCEDURE OF ACCRUING AND PAYING COUPON ON THE GOVERNMENT TREASURY OBLIGATIONS

1. The registration of government treasury obligations transaction is not suspended under coupon payment on the government treasury obligations.
2. No later than 3 business days before the date of coupon payment, the Central Securities Depository, in concordance with issue data, shall accrue coupon on the government treasury obligations and sends an information on forthcoming coupon payment² to the Issuer.

¹ Appendix # 3.

² Appendix # 4.

3. On the day of coupon payment (at the beginning of the day), the Central Securities Depository shall form the list of the primary dealers are eligible to receive coupon and, in accordance with the information on issue of the government treasury obligations, shall accrue coupon to each primary dealer.
4. The Issuer shall transfer the sum of money indicated in the information on forthcoming coupon payment to the net position of the Central Securities Depository until 4:00 p.m. of coupon payment day.
5. Based on the list formed according to this chapter paragraph 3, the Central Securities Depository shall transfer money received from the Issuer to the current positions of the primary dealers in ISMT or the current accounts of the primary dealers in the Settlement Unit of the Central Securities Depository until 5:00 p.m. of coupon payment day.

8. THE REGISTRATION PROCEDURE OF REDEMPTION OF THE GOVERNMENT TREASURY OBLIGATIONS

1. The registration of government treasury obligations transaction cancels on the day of redeeming an issue of the government treasury obligations.
2. No later than 3 business days before the redemption date, the Central Securities Depository, in concordance with information on the issue of the government treasury obligations, shall form and send to the Issuer an information on forthcoming redemption¹.
3. On the day before the redemption date and after closing an operational day, the Central Securities Depository shall form the list of the primary dealers which are eligible to receive money under redemption and accrue coupon on par value to each primary dealer according to information on the issue of the government treasury obligations.
4. The Issuer shall transfer the sum of money indicated in the information on forthcoming redemption to the net position of the Central Securities Depository until 4:00 p.m. of the redemption date.
5. Based on the list formed according to this chapter paragraph 3, the Central Securities Depository shall transfer money to the current positions of the primary dealers in ISMT or the current accounts of the primary dealers in the Settlement Unit of Central Securities Depository and at the same time it shall withdraw redeemed the government treasury obligations from the subaccounts until 5:00 p.m.

9. THE REGISTRATION PROCEDURE OF BUYING BACK AND EARLY REDEMPTION OF THE GOVERNMENT TREASURY OBLIGATIONS

1. In order to buy back the government treasury obligations the Issuer must open the issuer's subaccount for recordkeeping of bought out securities on a personal account of the General financial agent in the Central Securities Depository.

¹ Appendix # 5.

2. The buy back of the government treasury obligations is registered on the basis of the Financial agent's instruction on registration of purchase/sale transactions.
3. Within one hour after the instruction is received, the Central Securities Depository shall form and send to ISMT the payment order on charging off the sum of money, indicated in the instruction, from the General financial agent's net position to the Central Securities Depository's net position.
4. Based on the received notification about insufficiency of money at the General financial agent's net position, the Central Securities Depository shall send to the General financial agent, the Financial agent and the primary dealer a report about non-fulfillment of the instruction indicating therein the reasons why the instruction was not fulfilled.
5. Based on the received notification on money charge-off from the General financial agent's net position, the Central Securities Depository shall form the payment order on money charge-off from the net position of the Central Securities Depository to the primary dealer's net position.
6. The payment order is sent to:
 - 1) ISMT – if the primary dealer which has the current position in ISMT sells the government treasury obligations,
 - 2) the Settlement Unit – if the primary dealer which has the current accounts in the Central Securities Depository sells the government treasury obligations.
7. Based on the notification on money charge-off from the Central Securities Depository's net position, the Central Securities Depository shall credit the government treasury obligations to the Issuer's subaccount for recordkeeping of bought out securities on the General financial agent's personal account in the Central Securities Depository and shall send the report on registered transaction to the Financial agent and the General financial agent.
8. At the end of operational day when the transaction of buying back the government treasury obligations is registered, the Central Securities Depository shall register early redemption of transaction, along with this the Central Securities Depository shall withdraw the government treasury obligations from the Issuer's subaccount for recordkeeping of bought out securities on the General financial agent's personal account in the Central Securities Depository.
9. After registration of early redemption of the government treasury obligations, the Central Securities Depository shall send the report on registration of early redemption of the government treasury obligations to the General financial agent and Financial agent.

Bakhytzhhan Kapyshev
President
Central Securities Depository JSC

A G R E E M E N T # _____
**on servicing of issues of government treasury obligations in Central Securities
Depository JSC**

Astana _____ "____", 2005

Central Securities Depository Joint-stock Company, hereinafter referred as "the Central Securities Depository", represented by President _____, acting on the basis of the Charter of the one part, and the Ministry of Finance of the Republic of Kazakhstan, hereinafter referred as "the Issuer", _____ represented _____ by _____

_____, acting on the basis of _____ of the other part, hereinafter together referred to as "the Parties", have made this Agreement on the following:

1. SUBJECT OF THE AGREEMENT

1. The Central Securities Depository shall accept for servicing the issues of the government treasury obligations.
2. The Central Securities Depository shall implement recordkeeping of the rights of the government treasury obligations' holders and registration of government treasury obligations transactions made at organized and unorganized markets.
3. The Central Securities Depository shall perform the duties of a payment agent, with the aim to settle treasury obligation at the primary market under placement, at the secondary market under circulation and redemption of treasury obligations, as well as servicing treasury obligations (accruing and paying coupon).
4. The Parties' relations shall be governed by the legislation of the Republic of Kazakhstan, by this Agreement and "Code of Rules of the Central Securities Depository" (hereinafter the Code of Rules).

2. RIGHTS OF THE PARTIES

1. The Central Securities Depository shall have the right:
 - 1) to receive money under redemption and/or payment of coupon on the government treasury obligations in time and in corpore.
2. The Issuer shall have the right:
 - 1) to receive an information on forthcoming payment of the dividend and/or redemption of the government treasury obligations from the Central Securities Depository in time and in corpore,

- 2) to receive an information on payment of coupon and/or redemption of the government treasury obligations from the Central Securities Depository in time,
- 3) to receive statistical data on the government treasury obligations from the Central Securities Depository in time.

3. OBLIGATIONS OF THE PARTIES

1. The Central Securities Depository shall:
 - 1) provide to the Issuer the list of documents fixed by the "Rules of Servicing and Redemption of the Government Treasury Obligations" under conclusion of this Agreement;
 - 2) keep a record of the government treasury obligations through recording on customers' subaccounts opened on the primary dealers' personal accounts;
 - 3) register transactions concluded at the primary and secondary markets in concordance with the Code of Rules and normative legal acts of the Issuer;
 - 4) provide to the Issuer the information on forthcoming coupon payment no later than three days before coupon payment on the government treasury obligations;
 - 5) provide to the Issuer the information on forthcoming redemption no later than three days before redemption of issue of the government treasury obligations;
 - 6) transfer money to the primary dealers' net positions until 5:00 p.m. of the same day in case if the money was credited by the Issuer in accordance with this chapter paragraph 2, subparagraphs 5 and 6;
 - 7) register early redemption on the day of crediting the government treasury obligations on the Issuer's subaccount opened on the personal account of the General financial agent in the Central Securities Depository, for recordkeeping of bought out securities;
 - 8) provide to the Issuer the statistical data on the government treasury obligations;
 - 9) in time provide to the Issuer the documents under the conclusion of this Agreement in case if these documents were revised.
2. The Issuer shall:
 - 1) inform the Central Securities Depository about choosing a Financial agent and enclose copies of an Agreement concluded with the Financial agent;
 - 2) inform in time the Central Securities Depository about choosing another Financial agent;
 - 3) open the subaccount on the General financial agent's personal account for recordkeeping of bought out securities within seven business days from the date of making a decision on buying out the government treasury obligations;
 - 4) ensure crediting of money on the net position of the Central Securities Depository in ISMT until 4:00 p.m., Almaty time, of the day of coupon payment on the government treasury obligations in concordance with information on forthcoming payment of coupon provided by the Central Securities Depository;

- 5) ensure crediting of money on the net position of the Central Securities Depository in ISMT until 4:00 p.m., Almaty time, of the day of redemption on the issue of the government treasury obligations in concordance with information on redemption on the issue of the government treasury obligations provided by the Central Securities Depository;
- 6) in time provide to the Central Securities Depository the documents under the conclusion of this Agreement in case if these documents were revised.

4. LIABILITY OF THE PARTIES

1. Both Parties shall be liable in concordance with the legislation of the Republic of Kazakhstan in case of infliction of loss to one another because of non-fulfillment or undue fulfillment of their obligations under this Agreement.
2. The Central Securities Depository shall be absolved for non-fulfillment or undue fulfillment of obligations under this Agreement in the following cases:
 - 1) if the Financial agent shall not provide or shall provide untimely the information on forthcoming issue of the government treasury obligations or shall provide inadequate information contained in this information;
 - 2) if the Financial agent shall not provide or shall provide untimely an information on the primary dealers (about putting on and striking off the list of primary dealers);
 - 3) if the Issuer shall untimely credit money at the net position of the Central Securities Depository in ISMT under coupon payment and/or redemption of the government treasury obligations;
 - 4) if the Issuer shall credit insufficient amount of sum to pay coupon and/or redeem the government treasury obligations at the net position of the Central Securities Depository.

5. FORCE-MAJEURE

1. The Parties shall not be liable for non-fulfillment or undue fulfillment of their obligations under the Agreement due to insuperable force (force-majeure). The force-majeure events shall include, specifically, earthquake, flood, mud flow, hostility of any kind, blockade, the resolutions of authorized state bodies, including foreign states precluding the discharge of obligations under the Agreement, as well as any other circumstances precluding execution of the Agreement due to the reasons are not depending on the Parties.
2. The Parties shall not be liable for their obligations on the Agreement in case of termination or suspension of interbank system of money transfer of Kazakhstan interbank settlement centre as a result of insuperable force, in the form of natural disasters, power failure and communication line imperfection, which substantially influences on use of the system of electronic payments.
3. The Parties shall notify each other about force-majeure circumstances within reasonable time whereas such notices are practicable under these circumstances. The discharge of

obligations under the Agreement shall be suspended for the period of these circumstances.

4. Upon termination of the force-majeure events, the Parties shall take all necessary measures for the proper discharge of obligations under this Agreement. If the force-majeure events continue more than three months, the Parties shall be entitled to terminate this Agreement by mutual consent.

6. SETTLEMENT OF DISPUTES

1. In case of controversies arose in the process of fulfillment of terms of this Agreement the Parties shall take all necessary measures in order to settle disputes in extrajudicial procedure considering the interests of each Party. If no astipulation is attained, the controversies shall be considered due to the order established by the legislation of the Republic of Kazakhstan.

7. PERIOD OF VALIDITY OF THE AGREEMENT

1. The Agreement shall come into force on the day it is signed.
2. This Agreement shall not cease to be valid and obligations under the Agreement shall devolve to the assignees in case of reorganization of one of the Parties.
3. This Agreement shall be effective from the date the Issuer provides an information on issue and placement procedure of securities emitted by this Issuer, and it shall be valid until the Parties fully discharge obligations under this Agreement.

8. OTHER CONDITIONS

1. All amendments and additions to the Agreement shall be issued by the supplementary agreements and signed by authorized representatives of the Parties.
2. This Agreement shall be revised under consent of the Parties in case if the Code of Rules of the Central Securities Depository or the legislation of the Republic of Kazakhstan on securities market shall be changed.
3. Ex parte rejection from execution of this Agreement is not allowed.
4. The Agreement is executed in two copies, one copy is for each Party.

9. LEGAL ADDRESSES AND BANK DETAILS OF THE PARTIES

The Central Securities Depository

The Issuer

(President's signature and name)

(President's signature and name)

Seal

Seal

Information on issue of the government treasury obligations

Type	_____
NIN	_____
Issue date	_____
Maturity date	_____
Coupon payment date ¹	_____
Par value	_____
Announced quantity of the government treasury obligations in issue	_____
Announced amount of issue of the government treasury obligations on par value	_____

Signature

_____ **Seal**

¹ This row is filled in only in case of coupon emission securities.

**Instruction on registration of flotation
on issue of the government treasury obligations**

(NIN)

Flotation date _____

Quantity of distributed the government
treasury obligations _____

Weighted average price or earnings yield
formed at auction _____

#	Buyer's subaccount	Quantity of the government treasury obligations	Price for one security, KZT	Total amount, KZT

Signature _____

Seal

**Information on forthcoming payment of coupon
on issue of the government treasury obligations**

(NIN)

Coupon payment date

**Sum is subject to be transferred at the
correspondent account of the Central
Securities Depository**

In digits

In words

**Bank details of the Central Securities
Depository**

Beneficiary

BIC

Beneficiary bank

IIC

Taxpayer registration
number

Residence category

Economy sector

Head of Depository Activities Unit

Seal

Information on forthcoming redemption on issue

(NIN)

Maturity date

**Sum is subject to be transferred at the
correspondent account of the Central
Securities Depository**

In digits

In words

**Bank details of the Central Securities
Depository**

Beneficiary

BIC

Beneficiary bank

IIC

Taxpayer registration
number

Residence category

Economy sector

Head of Depository Activities Unit

Seal