

# STRATEGIC LINE 1. DEVELOPMENT OF THE EXCHANGE MARKET

## Attracting new issuers to the stock market

---

Along with creating favorable conditions for Kazakhstan's companies seeking funding on the regulated market, the Exchange conducted a series of activities and events aimed at increasing awareness and financial literacy of entrepreneurs with regard to the stock market, corporate governance and investor relations. All events were conducted by the Exchange in a close cooperation with professional participants of the securities market, international financial and non-financial institutions, NCE "Atameken", national development institutions, "Damu" fund, KazakhExport, AFK, regional local executive bodies and other organizations.

### **Organization and conducting of individual consulting sessions with entrepreneurs and on-site events in Kazakhstan's regions**

The Exchange regularly collects, summarizes and analyses data regarding local companies. At the initial stage it defined the target group based on open information about companies and preliminary analysis of their compliance with the listing rules and possible need for funding. The potential issuer base includes details of 1,072 companies.

In 2018 there were more than 70 meetings with executives and owners of Kazakhstan's companies whereby information on current trends on the stock market, possibilities of fundraising and investing temporarily free liquidity via stock market instruments was disclosed. There were six "round table" events for entrepreneurs in Kazakhstan's regions with regard to the use of stock market instruments.

In 2018 the Exchange's official list was extended by securities of 20 new issuers, i.e. companies whose securities had never traded on the Exchange, with 13 of them being shares issuers, 6 – bond issuers and one – an issuer of investment fund securities, including two issuers from Kazakhstan's regions.

Overall, during the implementation of the Strategy, employees of the Exchange conducted more than 200 individual consulting meetings for attracting businesses to the local stock market. As a result of all events, more than 100 companies showed their interest in fundraising on the stock market. As a result, 55 new issuers were attracted within three years, KASE trading lists were supplemented by 58 new instruments.

Increasing awareness of entrepreneurs and broad public of the stock market and its opportunities.

In 2016 the Exchange increased its activities in the field of training programs for increasing the financial literacy and awareness of the stock market issues. Training programs of the Exchange were conducted in form of seminars or round tables for entrepreneurs on fundamentals of the stock market, corporate governance and essentials of investor relations. Speakers at the events were represented by employees of structural units of the Exchange, representatives of members of the Exchange and international financial and non-financial institutions, consulting companies in the field of corporate governance and investor relations, representatives of international information-analytical and rating agencies.

In order to improve communications between market participants, listed companies, investors and other interested parties, the Exchange hosts an event called "The Issuer Day". During the year under review four such events were conducted, whereby institutional investors and shareholders met with executives of Kcell, KEGOC, Development Bank of Kazakhstan and KazAgroFinance. Participants of the events discussed current projects, results of the companies' operational and financial activities.

KASE in association with "PG Communications" LLP and "Global PR & IR Advisory EM" company conducted a training event in the "round table" format themed "Current issues: the role and place of PR and IR in the company management system". A training event in the "round table" format - "Bloomberg Day on KASE" - was conducted jointly with "Bloomberg Finance L.P."

Another format of communication with entrepreneurs is conducting business lunches which are a direct dialogue with business representatives. In 2018 such events with participation of executives of major regional businesses, SME representatives and partners of the Exchange were conducted in cities of Aktau and Astana.

In 2016-2018 KASE arranged five business lunches in various regional centers of Kazakhstan and 21 "round table" events at premises of regional akimdiks and NCE "Atameken", organized the "Issuer Day" for 10 listed companies, conducted eight training seminars in cities of Almaty and Astana on fundamentals of the stock market for entrepreneurs with support from the Damu Fund and NCE "Atameken".

A total of 24 training programs on stock market issues, investor relations and corporate governance were conducted for listing candidates and listed companies.

### **Transformation of listing**

In 2017 the Exchange completed a project on transformation of the securities official list and reforming of requirements for listed securities and their admittance initiators. From June 1, 2017 the Exchange's official list features three markets - "Main" (for major businesses), "Alternative" (for small and medium companies) and "Mixed" (for GS, securities, units and shares of investment funds, derivatives and Islamic securities). Listing requirements for securities and issuers of the "Alternative" market were significantly eased, information disclosure requirements are set only within limits specified in Kazakhstan's laws, and amounts of listing fees were substantially decreased.

As a result of the transformation the Exchange obtained a more transparent, comprehensible and convenient structure of the official list for all categories of investors, issuers and other interested parties, eased the access to the stock market for rather small companies, obtained the possibility to implement a more efficient strategy of attracting new issuers and investors.

As of January 1, 2019 47 stocks of 44 issuers and 21 bonds of 17 issuers were admitted to the trading on the alternative market.