

## Currency market development

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While developing the currency market, the Exchange implemented measures along the following lines.

### Providing brokers with the right to participate in exchange trading on the currency market

In 2016 the Exchange initiated a project stipulating provision of brokerage firms with direct access to the exchange currency market. Under this project in 2017 the Exchange jointly with the National Bank of the Republic of Kazakhstan, AFK, as well as with representatives of second-tier banks and brokerage companies, developed various schemes of providing brokerage firms with access to trading on the currency market.

Respective amendments related to provision to brokerage firms of the right to participate in exchange trading on the currency market, were made to the Rules of carrying out brokerage and (or) dealing activities on the securities market, approved following a resolution No. 9 of the Management Board of the National Bank of the Republic of Kazakhstan dated February 3, 2014. Amendments came into effect from April 22, 2018. To get access to trading in foreign currency on KASE brokerage firms need: to receive a license from the National Bank of the Republic of Kazakhstan for carrying out banking transactions in the national and foreign currencies; to undergo the procedure of obtaining the "currency" category of KASE membership. In accordance with the Regulations on membership fees and exchange commissions, the entrance membership fee in the "currency" category for a brokerage firm will make up 1,500 MCI, monthly membership fees in the "currency" category – 25 MCI. Besides, there is a commission of KASE on transactions in foreign currencies at a rate of 0.0005% of the amount of each deal concluded by the brokerage firm.

### Launch of new instruments

Based on results of regular meetings with market participants and detected demand for longer settlement terms, new instruments were launched on the foreign currency market and currency swap transactions:

- from February 20 – in the Russian ruble with T+1 settlements in tenge (RUBKZT\_TOM) and Chinese yuan with T+1 settlements in tenge (CNYKZT\_TOM);
- from April 9 – in currency swap transactions with regard to the currency pair Chinese yuan / Kazakh tenge (CNYKZT\_0\_001 and CNYKZT\_0\_002), in currency swap transactions with regard to the currency pair Russian ruble / Kazakh tenge (RUBKZT\_0\_001 and RUBKZT\_0\_002) and Russian ruble with T+2 settlements in tenge (RUBKZT\_SPT).

Trading in currency swap transactions CNY/KZT are conducted during the morning trading session, in the remaining instruments – during the day session from 11:30 to 15:30.

### Switching to trading in the issue currency

In 2018 a series of instruments on KASE market denominated in foreign currency became available for trading and settlements in US dollars along with settlements in tenge.

From September 17, 2018 KASE launched trading in Eurobonds with settlements in US dollars. The purpose of this project is providing access to trading and settlements of debt securities denominated in foreign currency without the need in additional currency conversion procedures.

Currently, listed debt securities denominated in foreign currencies are traded on KASE according to scheme T+0 with settlements in Kazakhstan tenge and the necessity of full depositing of the assets in advance before the submission of an application and conclusion of a deal. Trading in Eurobonds with settlements in US dollars is carried out in a separate version of the trading system using the T+2 settlement scheme and clearing based on the trading day results. This scheme allows closing deals with partial security. Trading participants deliver the asset for settlement of the deal by 17:00 o'clock on the settlement day (on the second day after the deal conclusion).

Trading in Eurobonds with settlements in Kazakh tenge according to T+0 scheme is continued on KASE in the usual mode. Thus, from September 17, 2018 two modes of concluding deals in listed Eurobonds denominated in US dollars are available on KASE: according to scheme T+2 with the use of clearing and settlements in US dollars, as well as according to scheme T+0 with settlements in Kazakh tenge in the "deal after deal" mode. Currently, the list of financial instruments of the stock market cleared by the Exchange, features 20 listed international bonds. From the launch date to December 31 39 deals with settlement in US dollars were concluded to a total amount of USD 4.3 mln, or KZT 1.3 bn.

From December 26, 2018 trading in USD-denominated GDRs opened on KASE, with Kazatomprom's ordinary shares being the underlying asset.