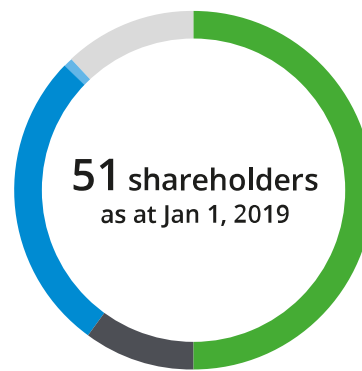


## CORPORATE GOVERNANCE

### Information about shareholders

As at January 1, 2019, the total number of authorized shares of the Exchange amounted to 5 mln pieces; 942,013 of them are outstanding. The Exchange bought back 13,329 pieces of shares. The Exchange has 51 shareholders including banks, brokerage firms and retail investors (individuals). The National Bank owns 50.1% of the total number of outstanding shares.

#### KASE shareholders' structure, %



▲ National Bank	50.1
▲ Brokers	9.9
▲ STBs	27.4
▲ Retail investors	0.8
▲ Others	11.3

### General Meeting of Shareholders

General Meeting of Shareholders is the supreme management body of the Exchange in accordance with the legislation of the Republic of Kazakhstan. List of issues pertaining to the competence of the General Meeting of Shareholders is defined by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Charter of the Exchange.

On May 30, 2018, General Meeting of Shareholders formed new Board of Directors:

- three unelected members of the Board of Directors (two representatives of the National Bank of Kazakhstan as an authorized body and owner of "a golden share" and the chairman of the Management Board of the Exchange by virtue of his/her position);
- three independent directors of the Exchange;
- three members representing interests of the Exchange's shareholders.

## KASE Board of Directors

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The Board of Directors is the governing body of the Exchange that carries out general management of the Exchange except for the matters that are within the exclusive competence of the General Meeting of Shareholders of the Exchange according to the Law of the Republic of Kazakhstan "On Joint Stock Companies" and/or the Charter of the Exchange.

Meetings of the Board of Directors of KASE in 2018 were conducted on a regular basis in accordance with the Regulations on the Board of Directors. The Board of Directors held extraordinary meetings on an as-needed basis.

During the reporting period, the Board of Directors considered both issues of strategic and current operations of the Exchange within its competence. The issues on the agenda and decisions made on these issues are recorded in the relevant minutes of meetings of the Board of Directors of the Exchange and the decisions taken by absentee voting of its members.

During the reporting period, the Board of Directors of the Exchange held 24 meetings in presentia and 14 meetings by absentia, reviewed and approved 48 documents of the Exchange governing its internal operations including amendments to the existing internal documents of KASE in accordance with the legislation of the Republic of Kazakhstan on securities market and on joint stock companies.

The Board of Directors included the following persons during 2018:

*Representatives of the authorized body under the Law of the Republic of Kazakhstan "On the Securities Market"*

### Zhanat Kurmanov

(Chairman of the Board of Directors) – Deputy Chairman of the National Bank of the Republic of Kazakhstan;

### Adil Mukhamedzhanov

Director of Monetary Transactions Department of the National Bank of the Republic of Kazakhstan;

*Head of executive body on the basis of the Charter of the Exchange*

### Alina Aldambergen

Chairman of the Management Board of KASE;

*Elected members of the governing body under the Law of the Republic of Kazakhstan "On Joint Stock Companies"*

### Eldar Abdrazakov

Chairman of the Board of Directors of Centras Securities JSC;

### Talgat Ayupov

Director of Treasury, Halyk Bank of Kazakhstan JSC;

### Kadyrzhan Damitov

independent director of KASE.  
member of the Board of Directors and an independent director of the Unified Accumulative Pension Fund

### Victor Kyshpanakov

Deputy Chairman of BCC Invest JSC Board - Subsidiary of Bank CenterCredit JSC;

### Igor Marich

independent director of KASE  
Managing Director for the Money and Derivatives Markets of PJSC Moscow Interbank Currency Exchange MICEX-RTS

### Mirlan Tashmetov

independent director of KASE.

The following committees of the Board of Directors and commissions of the Exchange operate at the Exchange under the Board of Directors to consider the most important issues and to make recommendations to the Board of Directors.

In accordance with the Law of the Republic of Kazakhstan "On Joint Stock Companies":

- Budgeting and Strategic Planning Committee of the Board of Directors;
- Internal Audit Committee of the Board of Directors;
- Committee for Personnel, Remuneration and Social Issues of the Board of Directors.

The following bodies operate at the Exchange in accordance with the Requirements for an organizational structure of a trades organizer and for the composition of a stock exchange's listing commission approved by the resolution of the Management Board of the National Bank of the Republic of Kazakhstan:

- Listing Commission;
- Committee for Financial Statements and Issuer Audit of the Board of Directors.

The Commission on Disputes and Conflicts Resolution operates in accordance with the Procedure for Settling Disputes and Conflicts Emerging During Execution of Transactions with Financial Instruments approved by a decision of the Board of Directors.

## Management Board of the Exchange

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The Management Board is a collegial executive body and it manages day-to-day activities of the Exchange, except for the matters that are within the exclusive competence of the General Meeting of Shareholders and/or Board of Directors of the Exchange according to the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Charter of the Exchange.

Powers of members of KASE Management Board were extended until 2020 by the decision of the Board of Directors of the Exchange dated July 20, 2017.

The procedure for setting up and for operation of committees and commissions of the Board of Directors of the Exchange, their numbers, competence, functions and composition are regulated by internal documents of the company approved by the Board of Directors.

The following meetings were held in 2018:

- 16 meetings of the Budgeting and Strategic Planning Committee of the Board of Directors;
- 12 meetings of the Committee for Personnel, Remuneration and Social Issues of the Board of Directors;
- 11 meetings of the Internal Audit Committee of the Board of Directors;
- 13 meetings of the Listing Commission as well as 21 instances of absentee voting of this commission;
- five meetings of the Committee for Financial Statements and Issuer Audit.

During 2018, the Board of Directors fully accomplished goals, objectives, functional duties established by the Corporate Governance Code, the Charter of the Exchange, Regulations on the Board of Directors, which resulted in the positive financial results of the Exchange in 2018.

The composition of the Management Board of the Exchange:

**Alina Aldambergen**, Chairman of the Board;

**Idel Sabitov**, Deputy Chairman of the Management Board;

**Kairat Turmagambetov**, Managing Director for Development;

**Natalya Khoroshevskaya**, Deputy Chairman of the Management Board;

**Andrei Tsalyuk**, Deputy Chairman of the Board.

## Information on remuneration

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Payment of remuneration and reimbursement of expenses to the members of the Board of Directors and of the Management Board of the Exchange are made in accordance with the terms and conditions of contracts concluded with them. The amounts of bonuses to the specified executives are determined by the General

Meeting of Shareholders in respect of the members of the Board of Directors and by the Board of Directors in respect of the members of the Management Board based upon financial and operating results of the Exchange in the respective financial year.

## Remuneration to members of the Board of Directors

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In accordance with the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Charter of the Exchange and the Regulations on the Board of Directors:

- monthly remuneration of the members of the Board of Directors shall be determined by the decision of the General Meeting of Shareholders of the Exchange;
- the amount of annual bonus to any member of the Board of Directors shall not exceed 85% of the total monthly remuneration paid to this member of the Board of Directors for all months of the year for which the bonus is being paid out;
- annual bonus shall not be paid to members of the Board of Directors, who participated in less than 50% of the Board meetings, absentee voting of members of the Board of Directors, meetings of Board of Directors' committees, other standing committees and commissions of the Exchange, the members of which were these members of the Board of Directors, during the reporting financial year.

During 2018, members of the Board of Directors of the Exchange were paid KZT 47,879,434 (forty-seven million eight hundred and seventy-nine thousand four hundred and thirty-four tenge).

Bonuses are not set and are not paid to the following members of the Board of Directors of the Exchange that are representatives of the government bodies of the Republic of Kazakhstan or who are persons that cannot receive bonuses in accordance with the legislation of the Republic of Kazakhstan:

- representatives of the National Bank of the Republic of Kazakhstan that are members of the Board of Directors under paragraph 4 of Article 84 of the Law of the Republic of Kazakhstan "On Securities Market" and subparagraph 1) of paragraph 3 of Article 17 of the Charter of the Exchange;
- chairman of the Management Board of the Exchange, who is a member of the Board of Directors by virtue of his/her position on the basis of subparagraph 3 of paragraph 2) of Article 17 of the Exchange's Charter.

## Bonuses to the members of the Management Board of the Exchange

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In accordance with the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Charter of the Exchange and the Regulations on the Management Board:

- monthly official salary of a member of the Management Board shall be determined by the decision of the Board of Directors;
- The Board of Directors makes decision on setting the amount of annual bonuses to Management Board members for the reporting year based on the review of the performance results of the Management Board and the Exchange over the reporting year;

- amounts of annual bonuses to members of the Management Board are determined by the decision of the Board of Directors upon evaluation of work of each member of the Management Board during the reporting year;
- The Board of Directors may decide on a lump sum payment to the Management Board member.

During 2018, members the Management Board of the Exchange were paid KZT 195,665,726.91 (one hundred ninety-five million six hundred and sixty-five thousand seven hundred and twenty-six tenge and 91 tyins).