

CENTRAL SECURITIES DEPOSITORY JSC

A g r e e d

by the decision of the Committee on
strategy of
the Board of Directors Central Securities
Depository JSC

(minutes # 7 dated June 07, 2010)

A p p r o v e d

by the decision of the Board of Directors
of Central Securities Depository JSC

(minutes # 4 dated June 11, 2010)

E f f e c t i v e

from June 14, 2010

Owned Assets Investment POLICY

NOTICE

English version of this Policy 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

2010

LIST OF AMENDMENTS

1. Amendments and additions # 1:

- approved by the decision of the Board of Directors of Central Securities Depository JSC (minutes # 10 dated December 29, 2011);
- effective from January 01, 2012.

2. Amendment # 2:

- approved by the decision of the Board of Directors of Central Securities Depository JSC (minutes # 12 dated July 27, 2012);
- effective from July 30, 2012.

Owned Assets Investment Policy

This Policy was developed in concordance with Instruction on requirements of risk management system in Central Securities Depository, which is approved by Board's decision # 5 of the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations dated February 01, 2010, and it shall define the conditions and procedure of investing owned assets of Central Securities Depository JSC (hereinafter – the Central Securities Depository), as well as other norms regulating its investment activities.

1. Owned assets investment goals of the Central Securities Depository are (in the order of goals' priority):
 - 1) assurance of safety and liquidity of the Central Securities Depository's owned assets;
 - 2) acquisition of extra income by the Central Securities Depository.

(This paragraph was changed by the decision of the Board of Directors of the Central Securities Depository of December 29, 2011).

2. The strategy of the Central Securities Depository's investment policy is to form conservative investment portfolio ensuring the maximum stable profitability under the minimal level of accompanying risk.
3. The objects and limits of investing owned assets of the Central Securities Depository, differentiated by types of financial instruments, are defined by an appendix to this Policy.

If a composition and/or structure of the Central Securities Depository's investment portfolio stops (stop) corresponding to the norms of the appendix to this Policy then such contradiction is subject to be eliminated by the Central Securities Depository within 90 days from the day of the contradiction.

(This paragraph was changed by the decision of the Board of Directors of the Central Securities Depository of December 29, 2011).

4. The size of open currency position of the Central Securities Depository on its investment portfolio shall not exceed 5% of the size of owned assets of the Central Securities Depository on each particular foreign currency excluding the cases when the Central Securities Depository's Board of Directors decided this forced violation is reasonable *(this paragraph was changed by the decision of the Board of Directors of the Central Securities Depository of December 29, 2011).*
5. Investment limits by the types of financial instruments, conditions of hedging and the Central Securities Depository's owned assets diversification, as well as "stop-loss" and "take profit" limits for financial instruments which are included in the Central Securities Depository's investment portfolio, are not established in connection with the restricted list of objects for investing into the Central Securities Depository's owned assets in the appendix to this Policy *(this paragraph was changed by the decision of the Board of Directors of the Central Securities Depository of December 29, 2011).*
6. Money, applicable for investing into financial instruments, is subject to be invested into financial instruments indicated in the appendix to this Policy. This money must be fully invested within thirty days from the day when it was entered from the Central Securities Depository's current account opened in the second-tier bank of the Republic of Kazakhstan on the Central Securities Depository's current account opened with broker in compliance with the agreement on provision of brokerage services *(this paragraph was changed by the decision of the Board of Directors of the Central Securities Depository of December 29, 2011).*

Owned Assets Investment Policy

7. Risk management associated with the Central Securities Depository's owned assets investment is fulfilled in concordance with the Central Securities Depository's internal documents.
8. Investment decisions in respect of owned assets shall be made by an Investment Committee of the Central Securities Depository according to Article 72 paragraph 1 of the Law of the Republic of Kazakhstan "On Securities Market" and paragraph 3-1 of the Rules of Execution of Central Securities Depository's Activities approved by Board's decision # 238 of the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations dated December 26, 2008. The requirements on membership of the Investment Committee of the Central Securities Depository are determined by mentioned normative legal acts of the Republic of Kazakhstan (*this indentation was changed by the decision of the Board of Directors of the Central Securities Depository of July 27, 2012*).

The Investment Committee of the Central Securities Depository shall act in accordance with normative legal acts of authorized body and the Central Securities Depository's internal documents that define the Investment Committee's working procedure.

9. Issues that are not regulated by this Policy, solved in concordance with the legislation of the Republic of Kazakhstan, the Central Securities Depository's Charter and internal documents, as well as the decisions made in established order within the terms of reference of the Central Securities Depository's bodies and officials.

President

Bakhytzhan Kapyshev

Appendix

to the Owned Assets Investment
Policy

(This appendix was included by the decision of the Board of Directors of the Central Securities Depository of December 29, 2011).

CENTRAL SECURITIES DEPOSITORY JSC

OBJECTS AND LIMITS OF INVESTING

owned assets by types of financial instruments

#	Type of financial instrument	Investment limits (percentage of investment portfolio size)	
		Minimum size	Maximum size
1.	Government securities of the Republic of Kazakhstan, issued by the Ministry of Finance and the National Bank of the Republic of Kazakhstan, nominated in the national and foreign currencies	80 %	100 %
2.	Time deposits in the second-tier banks of the Republic of Kazakhstan, denominated in the national and foreign currencies*	0 %	20 %**

* Period of investing owned assets of the Central Securities Depository into time deposit in the second-tier bank of the Republic of Kazakhstan shall not exceed 24 months under the stipulation that this bank corresponds any of the following conditions:

- 1) the bank has long-term credit rating which is not lower than "B+" based on international scale of Standard & Poor's or similar level rating score of Fitch Ratings or Moody's;
- 2) the bank is subsidiary of foreign bank having long-term credit rating which is not lower than "A-" based on international scale of Standard & Poor's or similar level rating score of Fitch Ratings or Moody's.

** An aggregate limit is indicated. The total size of the time deposits in one second-tier bank of the Republic of Kazakhstan (regardless of denominated currencies of these deposits) shall not exceed 10% of size of the Central Securities Depository's investment portfolio.