

# CHAIR'S STATEMENT



## DEAR SHAREHOLDERS AND PARTNERS!

Kazakhstan's stock market continued its dynamic development in 2019. Stable funding base represented by the Kazakh institutional investors' assets has attracted new issuers to the bond market, the number of issues has increased. We saw stable interest rates, recovery of amounts being borrowed by the Ministry of Finance of the Republic of Kazakhstan, and the emergence of new borrowers represented by international financial institutions. The past year marked a new stage in the development of the Kazakh exchange market's infrastructure. During the year, two major projects were implemented: the transfer of trading in liquid financial instruments (stocks, Eurobonds, units, depositary receipts) to the Moscow Exchange's ASTS+ trading and clearing system and the introduction of the Central Counterparty services on the stock market. This has helped the Exchange expand functionality of trading and clearing systems, use more advanced market risk management systems necessary for organizing the operation of the Central Counterparty and switch to qualitatively new technologies, increase the failure tolerance and uninterrupted operation of IT systems.

New ASTS+ trading and clearing system is designed for operation by participants

of various risk levels, which allows attracting broad range of investors to Kazakhstan's stock market. The system supports multiple trading modes and methods and provides for the use of services of the Central Counterparty, which allows concluding transactions between large and small financial institutions and guaranteeing transactions and settlements.

Trading schedule has changed to simplify access to foreign exchange transactions by foreign investors and more convenient working conditions for participants in the foreign exchange market: the duration of the trading day for foreign currency pairs was extended until 5:00 pm, and trading sessions in this market segment were combined.

The Exchange remains the main platform for raising the capital required by the national economy. During the year, we saw a positive development trend in the stock market. The total amount of trading during the year exceeded KZT118 trillion. The securities market grew by 8.5% to KZT5.3 trillion. The volume of funds raised on the corporate debt market reached KZT2 trillion, and the total amount of funds raised via the Exchange reached a record high of KZT3.9 trillion. Accordingly, the level of capitalization of the corporate bond market increased to a record KZT12 trillion. In the equity market, the capitalization rose to KZT17 trillion.

The number of issuers and instruments has grown. As at the end of 2019, KASE's trading lists featured 141 stocks of 125 issuers, 256 corporate bond issues of 71 issuers, 30 bond issues of five international financial institutions, two GDR issues, 11 instruments in the sector "Securities of investment funds".

To provide market participants with access to additional instrument for liquidity management, the Exchange launched new instruments – long-term swaps. Overall, more





than 600 securities, as well as about 30 money market instruments, five currency pairs, and six derivatives market instruments are available for trading on KASE.

One of the important areas of the Exchange's operations is attracting new market participants, expanding the investor base, improving financial literacy of the public. We continued our work on conducting information and explanatory events covering all regions of Kazakhstan and aimed at popularizing the Kazakhstan stock market and providing target audiences with information about the benefits of going public. As part of the mentioned activities, seminars were held together with national development institutions, such as the DAMU Entrepreneurship Development Fund, Development Bank of Kazakhstan, NCE RK Atameken, and industry associations.

We continue active work on promoting the Kazakhstan stock market and attracting investors from the near and far abroad. During the year, KASE held several international events in Tashkent, Minsk, Moscow, and London, where the participants received information about investment opportunities in the Kazakhstan market, financial instruments, terms of membership, and participation in tenders, obtaining market information and the Exchange's services. Opportunities for cooperation between professional participants of the countries including reciprocal access to exchange markets were discussed during these events.

Last year, we updated KASE's corporate culture standards and adopted new Code of Corporate Ethics. Together with the staff of the Exchange, we have done significant work and adopted new corporate values that are in line with the current spirit of the team, business goals, and the positioning of the Exchange to our partners and customers.

The mobilization and harmonious work of our team is a key advantage, thanks

to which we manage to achieve our goals and make ambitious plans for the future.

The Exchange, as a unique business, requires in-depth knowledge in the field of finance and IT, which, at times, are formed over a considerable period of operation in the financial market. Our team values every professional player, and it is important to us that the corporate culture and values of KASE meet the needs of each team member and create the basis for their professional growth.

Next year, we plan to continue working according to the chosen strategic areas of development to achieve high performance indicators and to improve the position of Kazakhstan's stock market in the international community, which will enhance its competitiveness. We will continue the implementation of projects within the framework of the strategic partnership with the Moscow Exchange and the transition to the MOEX's trading and clearing systems in the money, foreign exchange and derivatives markets.

In conclusion, I want to express our gratitude to the market participants, the regulator and the shareholders for the constructive cooperation during the year, support and trust.

**Alina Aldamergen**  
**Chairperson of the Management Board**

