



## ***Bond Market Underwriters Ranking Methodology***

### ***(Kazakhstan, Domestic Market)***

*Rev.of 18.12.2012*

#### **I. General**

1. Underwriters ranking serves to reflect the activity of investment banks in the primary bond market of Kazakhstan in terms of bond offering volumes and the number of issues sold.
2. Ranking of bond market underwriters ("Ranking") is developed by Cbonds.ru Ltd. ("Developer") based on this methodology. In situation not regulated hereunder, Cbonds.ru reserves the right to address them in accordance with the intention of the Ranking referred to in paragraph 1. Opinion of the Ranking Developer may not reflect the views of organizations included in the ranking.
3. Ranking calculation includes issues that were in specialized trading on KASE in the period in question (issues released for exchange have been removed). The ranking covers only the so-called "public" issues of bonds, i.e. issues that are intended for sale to a wide range of investors and listed on KASE. If the need arises, or in case of a dispute, ranking developers may seek the opinion of the "Expert Council". Final decision rests with the Ranking Developer.
4. The Ranking is based on the following organization status: Ranking of Underwriters
5. The ranking includes the following parameters: total amount of issues placed by each ranking participant as an underwriter; the number of issues and issuers, in whose offerings the organization participated. Total size of issues placed with the help of each ranking participant is calculated as the total participation of the organization in all bond issues sold in specialized trading on KASE, taken into account in this ranking. Organizations are sorted in the ranking in descending order of total issues placed.
6. Cbonds.ru Ltd. guarantees confidentiality of information received in course of ranking preparation, in a form different from the final ranking.
7. The rankings are not indicative of service quality and professionalism. Cbonds.ru is not responsible for any improper use of the ranking results for advertising and marketing purposes.
8. Organizations are included in the ranking based on marketing documents (prospectus, investment memoranda, press releases, etc.). In controversial situations, submission of supporting documents (contracts with Issuer or Underwriter, letters of understanding, etc.) may be required. The ranking includes organizations that have a license for broker and dealer operations.
9. Ranking address: <http://www.cbonds.info/rus/ib/index.phtml>

#### **II. Underwriter Ranking Formation**

1. Ranking of Bond Underwriters includes organizations that perform the following functions in the process of bond placement:
  - 1.1. Defining the bond issue parameters

- 1.2. Forming an issue syndicate, if required, which means engaging other organizations that guarantee sale of specific amount of bonds
  - 1.3. Attracting investors to buy the bonds
  - 1.4. Marketing the bonds, participating in selection of the offering date and determining the offering price guidance (yield).
  - 1.5. Participating in specialized bond trading on KASE.
2. An organization is considered an "Underwriter" if it meets one of the following conditions:
    - 2.1. Has a contract with an issuer, where it is given a status of an "Underwriter", "Co-Underwriter" or "Financial Advisor" and performs the functions as described in paragraph 1.
    - 2.2. Has a contract with an issuer, where the organization is not given the respective status, nor a synonym thereof, but in fact performs the functions under the contract, as listed in paragraph 1, subject to written confirmation of such performance by the issuer.
    - 2.3. Has a contract with another Underwriter officially designated by the issuer (Official Underwriter), under which the organization is given the Underwriter status, and/or performs the functions specified in paragraph 1, subject to written confirmation by the Issuer and the Official Underwriter of the organization's status, and of the function performance.
    - 2.4. In the event that the Issuer, as a financial institution, is placing its own bond issue, it is considered the Underwriter of the specific issue, if no other Underwriter has been appointed.
  3. Sold amounts for each issue are recorded in Underwriter Ranking of the organization as follows:
    - 3.1. In case of a single Underwriter, the entire sold amount of the issue is registered with this company.
    - 3.2. If there are several Underwriters, the amount of bonds sold in trading is split proportionally, unless otherwise agreed by mutual consent of the Underwriters, or, in the absence of said consent, by the terms of contracts or other agreements between the Underwriters and the Issuer.
    - 3.3. Ranking Developer does not publish Underwriter quotas for each issue, and uses the respective data for ranking compilation only.
  4. Underwriters are participants registered as such at the time of announcement of specialized bond trading.

#### **IV Ranking Expert Council**

1. Expert Council serves to resolve disputable questions in the process of ranking compilation. Ranking developers seek advice of the Expert Council in controversial situations, when the Developer is unable to make a decision (such situations may include public nature of bond issues, status of an organization in the issue, distribution of quotas, etc.)
2. Inquiries to the Expert Council are initiated by the Ranking Developer as the need arises. In case of a voting on "public nature" of a bond issue, the matter can be put to vote by the Ranking Developers only.
4. The Expert Council includes representatives of banks and investment companies from Kazakhstan.
5. The Council includes 1 representative of each organization, authorized accordingly by that organization.
6. Each member of the Expert Council has 1 vote. Decisions are made by the Council based on voting. If voting on a specific question is declared void, the decision is made by the

Ranking Developer independently. Following voting, a record is published listing votes of each member of the Expert Council, indicating name, position and decision. The record is subject to public distribution among members of the Expert Council, with disclosure of all names and votes. Public disclosure on the website is required for voting results only.

7. In case of a tie vote, opinions of stakeholders are not taken into account.

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