

**JSC “The Central Securities Depository”**

*Annual Report*

2005

**Almaty, 2006**



## Table of contents



<b>I. SHAREHOLDERS AND AUTHORIZED CAPITAL.....</b>	<b>3</b>
<b>SHAREHOLDERS.....</b>	<b>3</b>
<b>AUTHORIZED CAPITAL.....</b>	<b>4</b>
<b>II. PRINCIPAL EVENTS OF 2005.....</b>	<b>5</b>
<b>III. REVIEW OF DEPOSITORY ACTIVITY.....</b>	<b>6</b>
CLIENTS.....	6
PERSONAL ACCOUNTS AND SUB-ACCOUNTS.....	8
NOMINAL KEEPING.....	8
<i>General information.....</i>	<i>8</i>
<i>Government securities.....</i>	<i>10</i>
<i>Non-government securities.....</i>	<i>11</i>
<i>Securities, issued according to legislation of foreign countries.....</i>	<i>11</i>
<i>Securities holders.....</i>	<i>12</i>
<i>Receipt/Delivery of financial instruments into nominal holding .....</i>	<i>13</i>
REGISTERED TRANSACTIONS.....	14
PRIMARY MARKET.....	14
SECONDARY SECURITIES MARKET.....	15
<i>General information.....</i>	<i>15</i>
<i>Government securities.....</i>	<i>17</i>
<i>Non-government issued securities.....</i>	<i>17</i>
PLEDGE OF RIGHTS UNDER SECURITIES.....	18
<b>IV. REVIEW OF ACTIVITY ON MAINTENANCE OF THE SYSTEM OF SECURITIES HOLDERS REGISTERS.....</b>	<b>18</b>
ISSUERS AND SECURITIES ISSUES.....	18
SECURITIES HOLDERS.....	20
REGISTRED TRANSACTIONS.....	20
<b>V. REVIEW OF ACTIVITY ON MAINTENANCE OF BANK ACCOUNTS.....</b>	<b>20</b>
<b>VI. CENTRAL DEPOSITORY-PAYING AGENT.....</b>	<b>21</b>



## I. Shareholders and authorized capital



### Shareholders

The Joint stock company “The Central depository of securities” (hereafter Central depository) was established by a resolution of the constituent assembly on 16<sup>th</sup> of May 1997 and registered as a legal entity by the Justice Administration of Almaty city under #12301-1910-AO as of 18<sup>th</sup> July, 1997. Re-registration of the company was implemented on 28<sup>th</sup> of October 1999, 09<sup>th</sup> of April 2002, 27<sup>th</sup> of May 2003 and 02<sup>th</sup> of February 2005, in accordance with the Law currently in force of the Republic of Kazakhstan concerning Joint stock companies.

Shareholders of the Central Securities Depository, as of January 1, 2006, included the National Bank of the Republic of Kazakhstan, JSC “Kazakhstan stock exchange”, 14 of the second-tier banks and 9 broker companies.

**Table 1. The membership of shareholders of the Central Securities Depository, as of January 1, 2006**

	Name of shareholder	Share %
1	JSC “ <i>Temirbank</i> ”	0,41
2	JSC “ <i>Senim-bank</i> ”	0,41
3	DJSC “ <i>ABN AMRO Kazakhstan</i> ”	0,41
4	JSC “ <i>TEXAKABANK</i> ”	0,41
5	JSC “ <i>FC Greenwich Capital Management</i> ”	0,41
6	JSC “ <i>Joint bank LARIBA BANK</i> ”	0,41
7	JSC “ <i>Eximbank Kazakhstan</i> ”	0,41
8	JSC “ <i>Halyk Saving Bank of Kazakhstan</i> ”	0,82
9	JSC “ <i>Bank CentreCredit</i> ”	0,82
10	JSC “ <i>Kazakhstan Finance Company</i> ”	0,41
11	JSC “ <i>ATFBank</i> ”	0,41
12	JSC “ <i>Kazkommertsbank</i> ”	0,82
13	JSC “ <i>Almaty Investment Management</i> ”	0,41
14	JSC “ <i>Bank Caspian</i> ”	0,41
15	DJSC “ <i>Alfa-Bank</i> ”	0,41
16	JSC “ <i>Kazkommerts Securities</i> ”	0,82
17	JSC “ <i>BankTuranAlem</i> ”	0,41
18	JSC “ <i>Kazakhstan–Ziraat International Bank</i> ”	0,82
19	CJSC “ <i>RBNT Securities</i> ”	0,41
20	JSC “ <i>TuranAlemSecurities</i> ”	0,41
21	PI “ <i>National Bank of Kazakhstan</i> ”	49,79
22	JSC “ <i>Kazakhstan Stock Exchange</i> ”	38,68
23	JSC “ <i>VISOR Investment Solutions</i> ”	0,41
24	JSC “ <i>Centras Securities</i> ”	0,41
25	JSC “ <i>Kazkommerts Invest</i> ”	0,41



## Authorized capital.

The authorized capital of the Central depository consists of 300 (three hundred) common stocks with face value KZT 200,000 (two hundred thousand), to the total sum of KZT 60,000,000 (sixty million), including 243 (two hundred and forty three) placed shares to the total sum of KZT 48,600,000 (forty eight million six hundred thousand) as of January 1, 2006.

The first issue of shares #A0462 to the total sum of KZT 5,800,000 (five million eight hundred thousand) was registered by the National securities commission of Kazakhstan (the license of state securities registration #02-2-15/3107 dated August 12, 1997, NSIN KZ1C04620414).

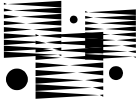
The second issue of shares #A0462-1 to the total sum of KZT 2,200,000 (two million two hundred thousand) was registered by the National securities commission of Kazakhstan (the license of state securities registration #02-2-4/2158 dated March 31, 2000, NSIN KZ1C04620414).

The third issue of shares #A0462-2 to the total sum of KZT 10,000,000 (ten million) was registered by the National Bank of Kazakhstan (the license of state securities registration #A0462-2 dated June 12, 2002, NSIN KZ1C04620015).

The fourth issue of shares to the total sum of KZT 42,000,000 (forty two million) was registered by the Kazakhstan Republic Agency for regulation and supervision of financial market and financial organizations (the license of state securities registration #A0462 dated March 23, 2005, NSIN KZ1C04620015).



## II. Principal events of 2005



On 10<sup>th</sup> of January 2005 the Central depository started to engage in the activity on bank accounts of clients. As of January 10, 2005 the Central depository set up 44 current accounts to 22 broker companies.

On 20<sup>th</sup> of January 2005 the Central depository started to engage in the activity on keeping of the securities holders registers system activity. Registers of holders of share investment funds shares of management company JSC “Centras Securities” (open share investment fund “Treasure” and closed share investment fund of risk investment “Centras-Global markets”) were received for servicing.

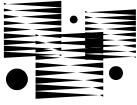
On February 2, 2005 the Justice administration made state re-registration of JSC “Central securities depository” (the license of state re-registration of JSC “Central securities depository” #12301-1910-AO dated February 2, 2005).

On March 23, 2005 the Kazakhstan Republic Agency for regulation and supervision of financial market and financial organizations registered the issue of declared equities which were divided into 300 (three hundred) shares with nominal value KZT200,000 (the license of state registration of securities issue #A0462 dated March 23, 2005).

On September 13, 2005 the authorized capital was formed in compliance with minimal value of authorized capital of joint stock companies, established by the Kazakhstan legislation in force.



### III. Review of depository activity



#### Clients

In accordance with effective legislation brokers-dealers, custodian banks, foreign depositories and custodians with the license of an authorized body that is under governmental control above securities market, are eligible clients of the Central Depository. As of January 1, 2006, the deponents of the Central depository are the National Bank of the Republic of Kazakhstan, 22 second-tier banks, 28 broker companies, JS “Kazpost” and CJSC “Central Depository” (Kyrgyzstan), OJSC JSCB “Rosbank” (the Russian Federation), National Depository Center (the Russian Federation), OJSC “Saving Bank of the Russian Federation”.

**Table 2. List of the deponents of JSC “The Central securities depository” as of January 1, 2006.**

1.	National Bank of the Republic of Kazakhstan
2.	JSC DB Securities (Kazakhstan)
3.	JSC “BankTuranAlem”
4.	JSC “Halyk Bank of Kazakhstan”
5.	JSC “BankCentreCredit”
6.	JSC “Bank Caspian”
7.	JSC “Kazpost”
8.	JSC “Kazkommertsbank”
9.	JSC “TcesnaBank”
10.	JSC JB “LARIBA BANK”
11.	JSC “Demir Kazakhstan Bank”
12.	JSC “Temirbank”
13.	JSC “KZI bank”
14.	JSC “TEXAKABANK”
15.	JSC “ABN AMRO Bank Kazakhstan”
16.	JSC “Eximbank Kazakhstan”
17.	JSC “Alfa-bank”
18.	JSC “Eurasian bank”
19.	JSC “ATFBank
20.	JSC “City Bank Kazakhstan”
21.	JSC “HSBC Bank Kazakhstan”
22.	JSC “Kazakhstan Finance Company”
23.	OJSC “FK Greenwich Capital Management”
24.	JSC “Almaty Investment Management”
25.	JSC “Company CAIFC”
26.	JSC “Kazkommerts Securities”



27.	JSC “Global securities (Kazakhstan)”
28.	JSC “KIB ASSET MANAGEMENT”
29.	JSC “Informational Accounting Centre”
30.	JSC “R.G. Securities”
31.	JSC “First Investment”
32.	JSC “TuranAlem Securities”
33.	JSC “General Asset Management”
34.	JSC “Central-Asian Trust Company”
35.	CJSC “Central Depository” (Kyrgyzstan)
36.	CJSC “RBNT Securities”
37.	LLP “TAU Securities”
38.	JSC “KG Securities”
39.	JSC “Nurbank”
40.	JSC “Alliance Bank”
41.	JSC “Visor Investment Solutions”
42.	JSC “Money Experts”
43.	JSC “Valut-Transit Bank”
44.	JSC “FC “REAL-INVEST.kz”
45.	JSC “Kazkommerts Invest”
46.	JSC “Centras Securities”
47.	JSC “Development bank of Kazakhstan”
48.	JSC “Alliance Capital”
49.	JSC “Halyk Securities“
50.	JSC “Halyk Finance“
51.	JSC “NOMAD FINANCE“
52.	JSC “Derbes Securities“
53.	OJSC JSCB “Rosbank“ (the Russian Federation)
54.	“National Depository Center“ (the Russian Federation)
55.	JSC “First Broker House“
56.	OJSC “Saving Bank of the Russian Federation“

During the reported period, 8 specialized participants of the securities market became clients of the Central depository, including:

- ✓ JSC “Halyk Securities“
- ✓ JSC “Halyk Finance“
- ✓ JSC “NOMAD FINANCE“
- ✓ JSC “Derbes Securities“
- ✓ OJSC JSCB “Rosbank“ (the Russian Federation)
- ✓ Non-for profit partnership “The National Depository Center“ (the Russian Federation)
- ✓ JSC “First Broker House“
- ✓ OJSC “Saving Bank of the Russian Federation“



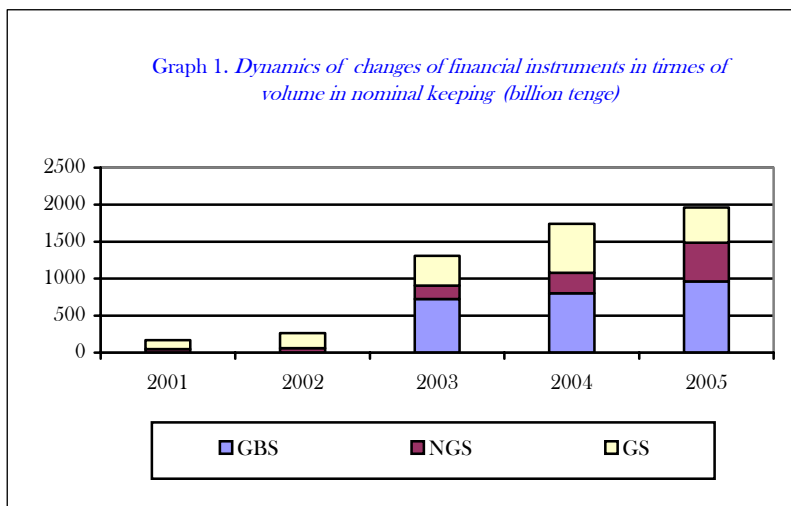
## Personal accounts and sub-accounts

The total quantity of clients active personal accounts, which are open in the Central depository is 57, with the total quantity of sub-accounts opened on personal accounts being 2,395 as of 1<sup>st</sup> January 2005 (on 1<sup>st</sup> January 2005 quantity of sub-accounts – 2,363).

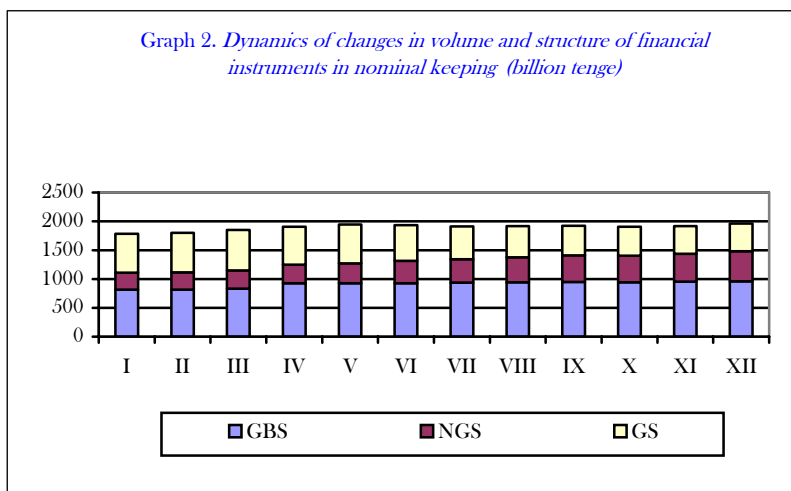
## Nominal keeping

### General information

The growth of the financial instruments in terms of volume (in nominal value) took place in the nominal holding of the Central depository during 2005, compared with 2004. The volume of the financial instruments in nominal holding was KZT1.96 trillion (Graph1) as of 1st January 2006. The volume of the financial instruments in nominal holding was increased by KZT0.22 trillion or by 12.7% in comparison to 1st of January 2005. The increase in the volume of financial instruments in nominal holding arose mainly from the growth of non-government securities in terms of volume, during the reported period, by KZT243.95 billion, government securities increased by KZT160.6 billion. During the reported period, the volume of government securities decreased by KZT183.02 billion.



During the reported period, the average annual value of the financial instruments in nominal holding was KZT1.89 trillion. The average annual volume of the financial instruments increased by KZT0.35 trillion in comparison with 2004.



During the reported period, financial instruments both increased and declined in terms of volume in nominal holding of the Central depository (Graph 2).

The share of government securities in nominal holding was 24.04%, non-government securities – 75.60% (48.92% of them are government block of shares (hereafter GBS) as of 1<sup>st</sup>





January 2006. In comparison with 1<sup>st</sup> of January 2005 the share of government securities in nominal holding was 38.01%, non-government securities – 61.99% (45.92% of them GBS).

The Central depository had in nominal holding as of 1st January, 2006:

- 226 issues of equities (an increase of 28 issues compared to 1<sup>st</sup> of January, 2005),
- 33 issues of preference shares (an increase of 3 issues compared to 1<sup>st</sup> of January, 2005),
- 115 issues of non-government bonds (an increase of 39 issues compared to 1<sup>st</sup> of January, 2005),
- 75 issues of securities, issued by the Ministry of Finance of the Republic of Kazakhstan (a decrease of 36 issues compared to 31<sup>st</sup> of December, 2005),
- 4 issues of short-term notes, issued by the National Bank of the Republic of Kazakhstan (a decrease of 42 issues compared to 1<sup>st</sup> of January, 2005),
- 4 issues of securities, issued by local executive authorities (a decrease of 2 issues compared to 1<sup>st</sup> of January, 2005),
- 20 issues of eurobonds (an increase of 5 issues compared to 1<sup>st</sup> of January, 2005),
- 20 issues of investment fund shares (an increase of 19 issues compared to 1<sup>st</sup> of January, 2005).

The Central depository had accounts of nominal holding in the following record keeping institutions:

- Clearstream Banking Luxembourg (International depository),
- CJS “Central Depository” (the Kyrgyz Republic)
- JSC “Bank TuranAlem” (bank-custodian),
- JSC “Fondoviy Center” (registrar),
- JSC “Center DAR” (registrar),
- JSC “Reestr-service” (registrar),
- JSC “Registratorskaya sistema tcennykh bumag” (registrar),
- JSC “Reestr” (registrar),
- JSC “Registrar” (registrar),
- JSC “Zerde” (registrar),
- JSC “PROFIT-LINE” (registrar),
- JSC “Registr-Center” (registrar),
- JSC “Kazreestr” (registrar),
- JSC “Registratirskyi service” (registrar),
- JSC “Perviy nezavisimiy registrar” (registrar),



- LTD “Tenir Register” (registrar),
- LTD “Paritet Register” (registrar).

The financial instruments for the amount of KZT1.05 trillion were registered in nominal holding accounts of the Central Depository on 1st January, 2006.

### Government securities

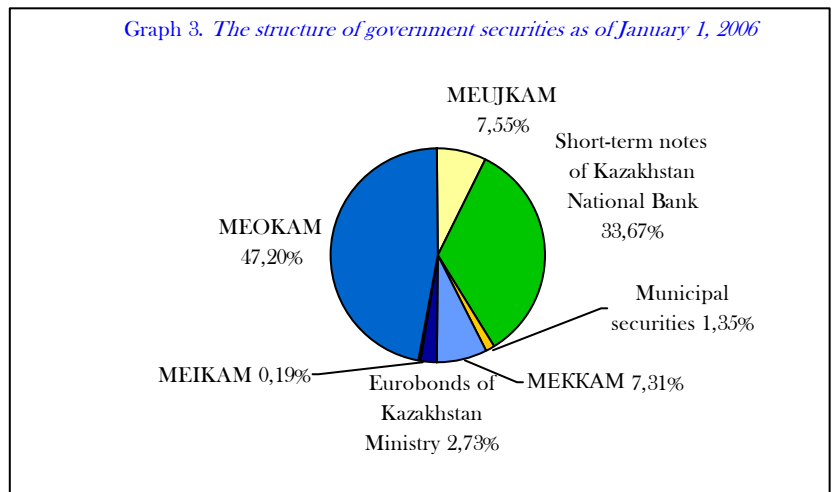
The volume of government securities in nominal holding of the Central depository (including government securities, issued according to legislation of the Republic of Kazakhstan, government securities, issued according to legislation of other states and government securities, issued by local executive authorities – hereafter municipal securities) decreased by KZT183.01 billion from 662.02 billion to 479.01 billion tenge as of January 1, 2006 (in comparison with 1<sup>st</sup> of January, 2005).

The decrease of the volume of the government securities resulted from significant decrease in circulation of short-term notes of the National Bank of the Republic of Kazakhstan. The volume of short-term notes of the National Bank of the Republic of Kazakhstan decreased by KZT246.39 billion (from 407.67 to 161.27 billion tenge) on 1<sup>st</sup> of January 2006 in comparison with 1st of January 2005). The volume of MEUJKAM, that is the new type of securities of the Ministry of Finance of the Republic of Kazakhstan, reached KZT36.19 billion. The volume of other kinds of government securities did not change significantly during the reported period.

The share of MEOKAM of the Ministry of Finance of the Republic of Kazakhstan had the main volume of the government securities (Graph 3).

The volume of the municipal securities in nominal holding of the Central depository reached KZT6.45 billion as of January 1, 2006. The decrease of volume of the municipal securities in nominal holding reached KZT2.3 billion in comparison with 1<sup>st</sup> of January 2005. 6 issues of the municipal securities in amount of KZT8.75 billion were in circulation on 1st of January 2005, 4 issues of the municipal securities in the total amount of KZT6.45 billion were in circulation on 1st of January, 2006. Two issues of the municipal securities were retired (issue of East-Kazakhstan region and Astana city) for amount of KZT2.11 billion during the reported period.

Graph 3. The structure of government securities as of January 1, 2006





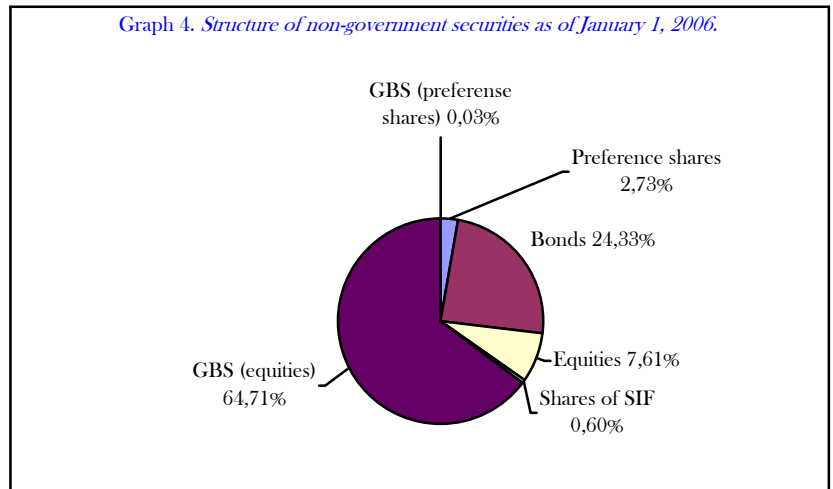
### *Non-government securities*

The volume of non-government securities in nominal holding of the Central depository has increased by KZT407.90 billion and reached KZT1484.03 billion as of January 1, 2006 in comparison with 1st of January 2005. The increase of volume of the non-government securities in nominal holding resulted from increase of volume of non-government bonds by KZT171.08 billion from 189.93 to 361.01 and increase of GBS in terms of volume in nominal holding of the Central depository by KZT161.06 billion from KZT799.69 to 960.75 billion.

The equities had the main share of the volume of the non-government securities, taking into account the Government block of shares – 72.32% as of January 1, 2006 (in comparison, on 1<sup>st</sup> of January 2005 the equities – 80.83%).

The value of the shares of shared investment funds in 2005 increased by KZT8.50 billion and reached KZT8.85 billion.

Graph 4. Structure of non-government securities as of January 1, 2006.



### *Securities, issued according to legislation of foreign countries*

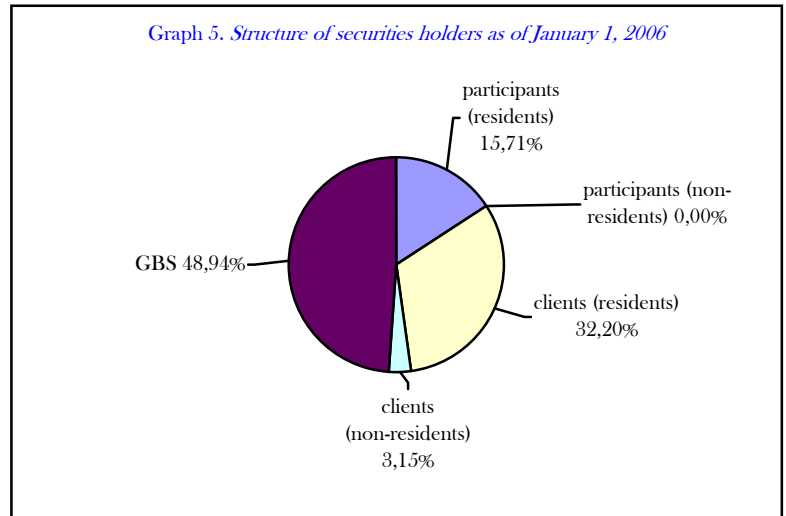
The volume of the securities, issued according to the legislation of other states in nominal holding of the Central depository have increased by KZT5.18 billion, from 9.89 bn to 15.07 billion tenge during 2005 in comparison with 2004.

There were the following securities at the end of the reported period in nominal holding:

- eurobonds of JSC “ATF Bank”,
- eurobonds of JSC “Development Bank of Kazakhstan”,
- eurobonds of JSC “Halyk Bank of Kazakhstan”,
- eurobonds of CJS “KazTransOil”,
- eurobonds of the Ministry of Finance of the Republic of Kazakhstan,
- bonds of “PetroKazakhstan Finance B.V.”,
- bonds of Inter-American Bank of Development,
- eurobonds of the Ministry of Finance of the Russian Federation,
- bonds of the “Kazkommerts International B.V.”,
- bonds of “TuranAlem Finance B.V.”,
- bonds of Aziatskiy bank razvitiya,
- bonds of International Bank of Reconstruction and Development,



- equities of OJSC “Bishkekteploset”,
- equities of OJSC “Vostokelektro”,
- equities of OJSC “Zhalalabatelektro”,
- equities of OJSC “Kantskiy cementno-shiferniy kombinat”,
- equities of OJSC “Kyrgyztelecom”,
- equities of OJSC “Natsionalnaya elektricheskaya set Kyrgyzstana”,
- equities of OJSC “Oshelektro”,
- equities of OJSC “Severelektro”
- equities of OJSC “Eletricheskkiye stancii”.

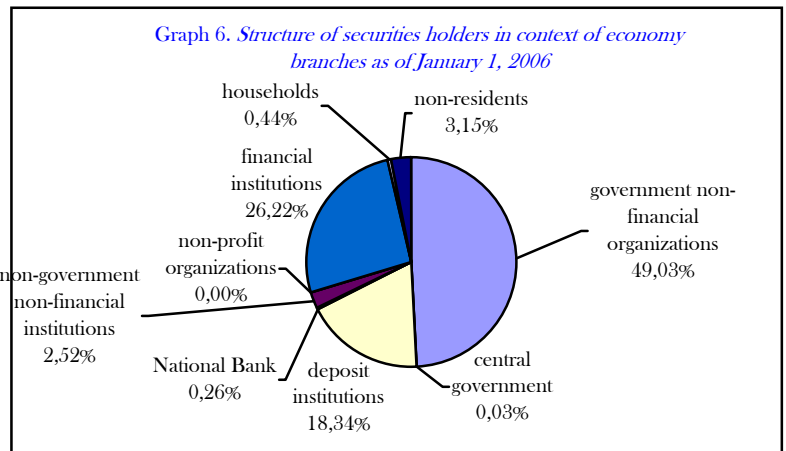


### Securities holders

The structure of securities holders did not undergo significant changes in 2005 (Graph 5) in comparison to 1<sup>st</sup> of January 2004.

The share of participant securities decreased by 3.82%, but the volume of securities of the Central Depository clients in terms of absolute value increased by KZT31.76 billion.

The share of client-residents securities decreased by 0.56%, and in terms of absolute value of client-residents securities increased by KZT61.61 billion. The share of securities non-residents clients increased by 1.36% or KZT30.63 billion. The share of GBS increased by 3.02% or KZT161.06 billion.

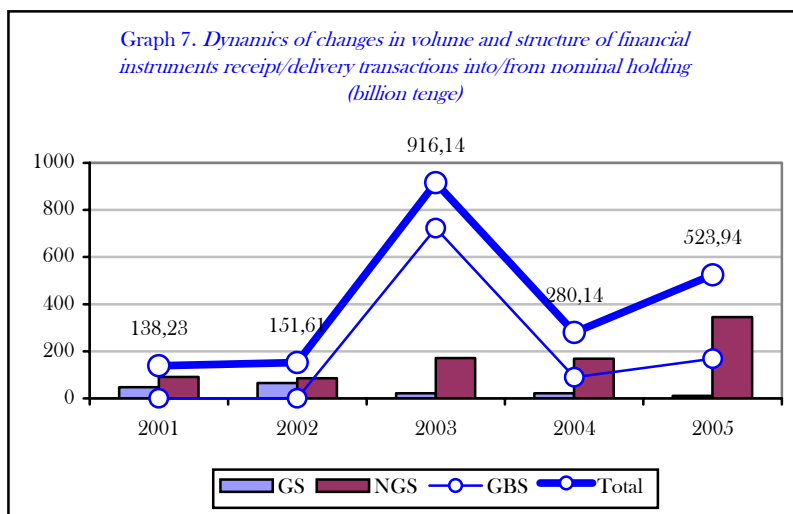


The structure of securities holders in context of economy branches (Graph 6) shows that the principal of them are government non-financial organizations – 49.03% (GBS takes all of the volume) and commercial institutions (organizations, making several kinds of banking transactions, insurance companies, nongovernmental pension funds, broker companies, pawn-shops, currency exchanges and others) – 26.22%. In addition the significant volume of securities is belonging to deposit institutions – 18.34%.



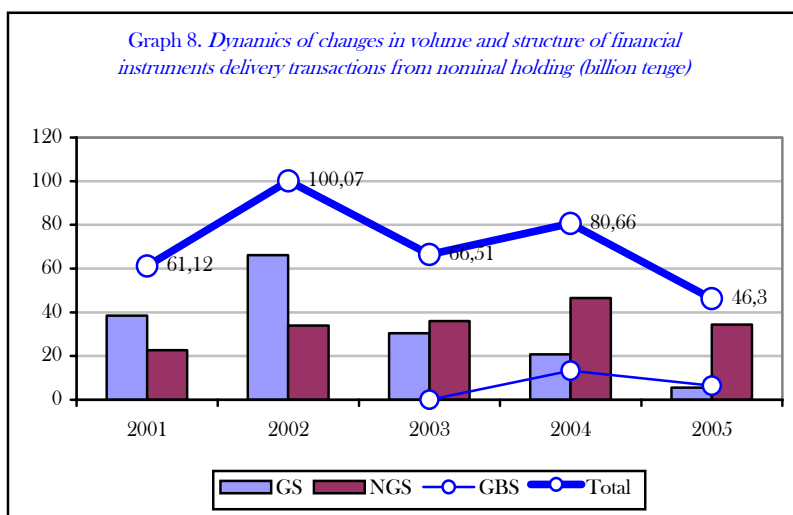
**Receipt/Delivery of financial instruments into nominal holding.**

During the reported period, the Central depository registered the transactions of receipt of financial instruments into nominal holding in amount of KZT523.94 billion (Graph 7), including the government securities (eurobonds of the Ministry of Finance of the Republic of Kazakhstan) in amount of KZT10.25 billion, and also the non-government securities in amount of KZT513.69 billion (GBS took 168.97 billion of them, non-government bonds – 182.39 billion, equities – 121.19 billion tenge).



In comparison with 2004, the value of financial instruments receipt transactions into nominal holding increased by KZT243.8 billion. This increase resulted in a significant increase of volume of government block of shares receipt transactions into nominal holding, from KZT90.25 billion in 2004 to KZT168.97 billion 2005, of equities – from KZT43.41 billion to KZT121.19 billion in 2005, non-government bonds – from KZT115.88 billion to KZT182.39 billion.

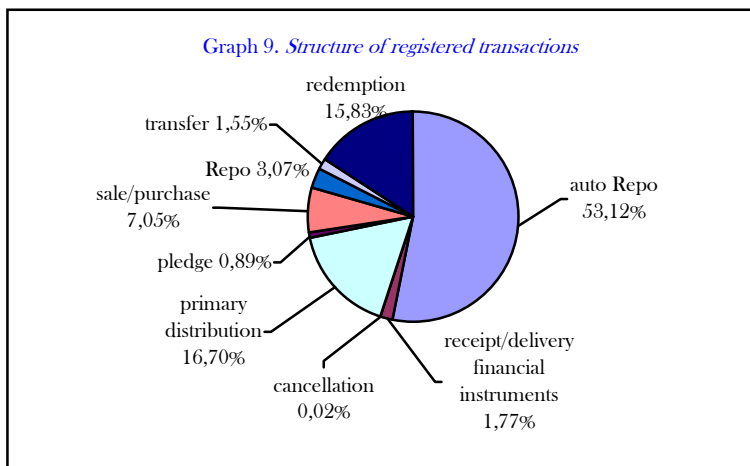
During the reported period, the Central depository registered the transactions of delivery of financial instruments from nominal holding of KZT46.3 billion (Graph 8), including the government securities (eurobonds of the Ministry of Finance of the Republic of Kazakhstan) in amount of KZT5.49 billion, the non-government securities in amount of KZT34.41 billion, GBS in amount of 6.4 billion. In comparison with 2004, the value of financial instruments delivery transactions from nominal holding decreased by KZT34.36 billion. This decrease resulted in a significant decrease of volume of government securities receipt transactions from nominal holding, from KZT20.84 billion in 2004 to KZT5.49 billion in 2005, of non-government – from KZT59.82 billion to KZT40.81 billion.





## Registered transactions

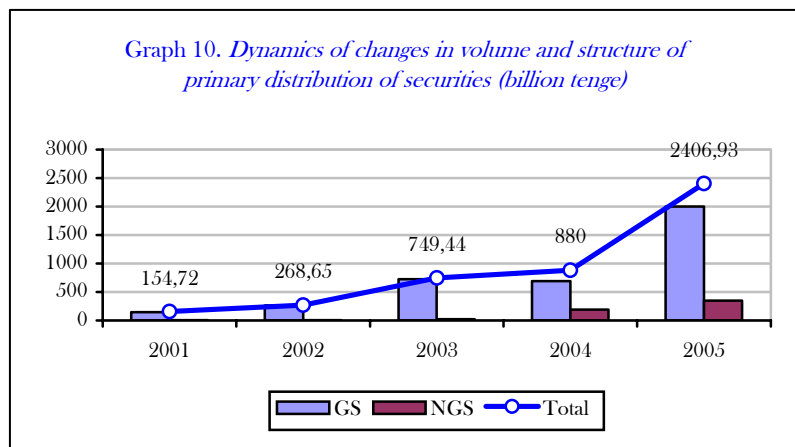
The total volume of registered transactions was KZT14.41 trillion or more than 193% of GDP (Gross Domestic Product) of the Republic of Kazakhstan in 2005. In comparison with 2004, the value of registered transactions increased by KZT5.96 trillion. The main share of the registered transactions, as well as in 2004, consisted of automatic Repo – 53.12% or KZT7.66 trillion in 2005 (Graph 9). Despite the fact that the share of automatic Repo transactions decreased from 60.31% in 2004 to 53.12% in 2005, the volume of automatic Repo transactions increased from KZT5.1 trillion to KZT7.66 trillion.



The share the transactions of primary distribution of financial instruments was 16.7% or KZT2.41 trillion, the transactions of financial instruments redemption – 15.83% or KZT2.28 trillion and the purchase/sale of financial instruments transactions – more than 7% or KZT1.02 trillion.

## Primary market

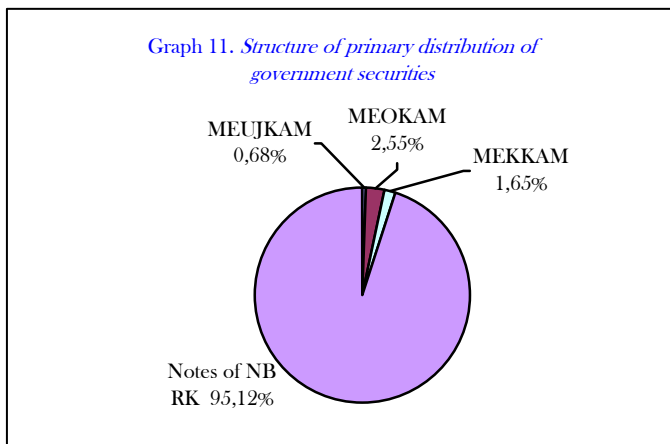
The volume of transactions made on primary market was KZT2.41 trillion in 2005. The volume of primary distribution increased by KZT2.73 trillion (Graph10) in comparison with 2004. The main volume of primary distribution of securities fall at those from government: KZT2.06 trillion or more than 85% of total volume in 2005. The volume of primary distribution non-government securities was KZT0.3 trillion or about 15% of total value of securities primary distribution in 2005.



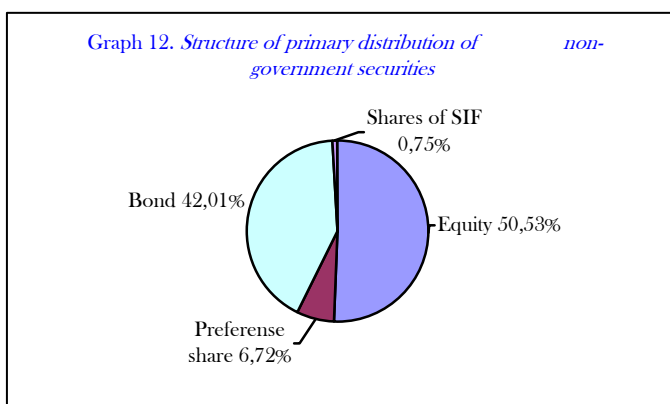
The volume of primary distribution of government securities in reported period increased by KZT1.37 trillion and the share of government securities of total value of primary distribution increased from 78.3% to 85.6%. The main volume of primary distribution of non-government securities increased by KZT154.78 billion. The share of non-government securities decreased from 21.7% to 14.52% in total volume of primary distribution.



As in the previous years, the majority of primary distribution of government securities (Graph 11) took short-term notes of the National bank of the Republic of Kazakhstan – KZT1.96 trillion. The volume of primary distribution of short-term notes of the National bank of the Republic of Kazakhstan increased by KZT1.4 trillion in comparison with 2004.



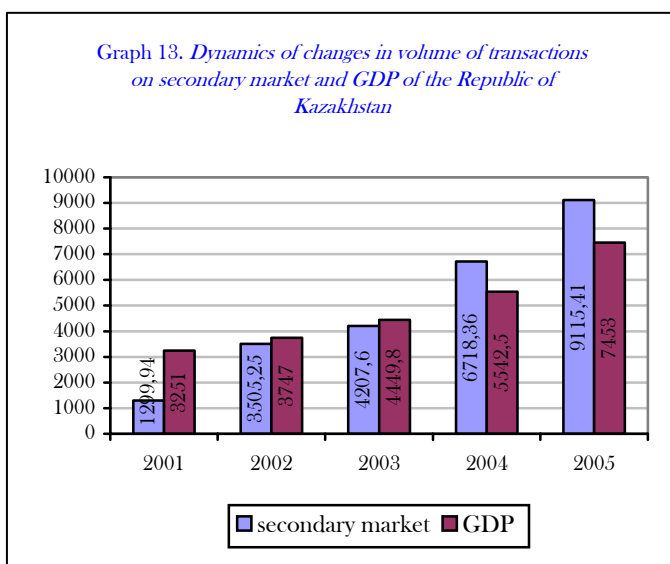
The main share of primary distribution of non-government securities (Graph 12) took equities – KZT174.88 billion (the primary distribution of GBS was KZT138.2 billion) or 50.53% from the total volume of primary distribution of non-government securities and increased by KZT93.95 billion in comparison with 2004. The volume of primary distribution of non-government bonds was KZT145.38 billion or 42.01% and increased by KZT40.62 billion. The value of primary distribution of preference shares was KZT23.25 billion and increased by KZT18 billion in comparison with 2004. The value of primary distribution of shares of shared investment fund was KZT2.58 billion and increased by KZT2.23 billion in comparison with 2004.



## Secondary securities market

### General information

The volume of transactions with financial instruments, that were closed on secondary market (purchase/sale, automatic Repo and Repo transactions) exceeded the level of KZT9 trillion, and reached KZT9.11 trillion (Graph 13) in 2005. For the first time the volume of transactions with financial instruments, that were closed on secondary market exceeded the Gross Domestic Product (GDP) of the Republic of Kazakhstan and was more than 122% of GDP in 2005.



The increase of the volume of transactions with financial instruments that were made on secondary market accounted for KZT2.4 trillion in comparison with 2004. The quantity of registered transactions with financial instruments increased by more than 1613 (Graph 14).



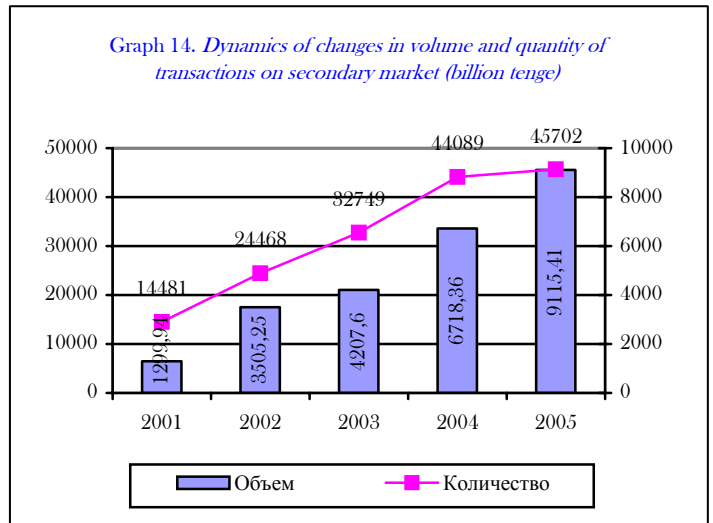
As in the previous years, in 2005, government securities accounted for the main volume of transactions with financial instruments that were made on secondary market. The constant increase of recent years exists in volume of registered transactions with non-government securities.

Registered transactions on organized securities market (JSC “Kazakhstan Stock Exchange”) accounted KZT8.94 trillion that was 98.08% of the total volume of registered transactions. The volume of registered transactions on organized market increased by KZT2.29 trillion in comparison with 2004. Its share decreased from 99.01% up to 98.08%. The volume of registered transactions on unorganized market was KZT174.8 billion. The volume of registered transactions with financial instruments that were closed on unorganized market decreased by KZT108.44 billion. Its share increased from 0.99% to 1.92% in comparison with 2004.

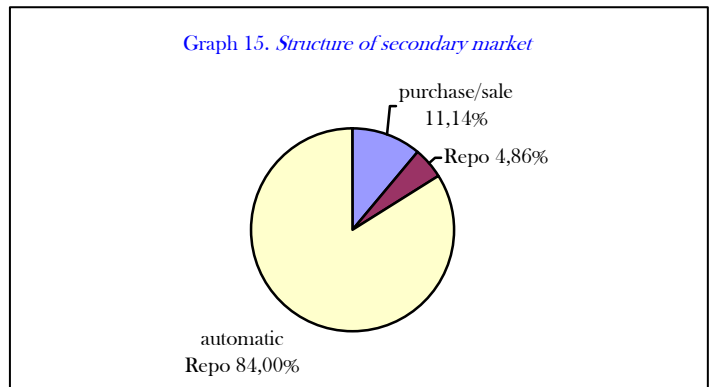
The automatic Repo took a dominating position among types of transactions in 2005. Its share was 84% or KZT7.66 trillion (Graph 15) in total volume of registered transactions with financial instruments that were closed on the secondary market. The increase accounted for KZT2.6 trillion in comparison with 2004. The share of purchase/sale transactions with financial instruments was 11.14% or KZT1.01 trillion. The increase accounted for KZT0.32 billion in comparison with 2004. The share of Repo transactions – 4.86% or KZT442.96 billion, the decrease was KZT163.25 billion in comparison with 2004. The quantity of transactions with financial instruments on the secondary market that were registered during 2005 was 45072. The quantity of transactions increased by 1613 in comparison with 2004.

In 2005 after the average volume of one registered transaction with financial instruments that was made on secondary market increased and was KZT199.45 million. In 2005 the average volume of one registered transaction increased by KZT47.07 million in comparison with 2004.

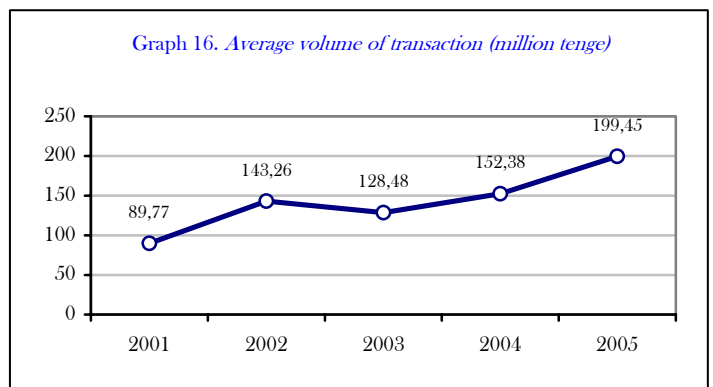
Graph 14. Dynamics of changes in volume and quantity of transactions on secondary market (billion tenge)



Graph 15. Structure of secondary market



Graph 16. Average volume of transaction (million tenge)







### Government securities

As in previous years, the government securities market is the most developed segment of the stock market and takes a dominating position.

32703 government securities transactions totaling KZT8.14 trillion (Graph 17) during 2005. An increase in the volume of government securities transactions in comparison with 2004 accounted for KZT1.87 trillion. The quantity of government securities transactions decreased by 3610.

Among the most liquid government securities that were the subject of transactions on the secondary market during 2005 are the following: short-term notes of the National Bank of the Republic of Kazakhstan (KZT4.35 trillion), MEOKAM of the Ministry of Finance of the Republic of Kazakhstan (KZT3.16 trillion), MEKKAM of the Ministry of Finance of the Republic of Kazakhstan (KZT0.48 trillion). The transactions with these kinds of government securities account are 98.28% of the total amount of transactions with government securities during 2005.

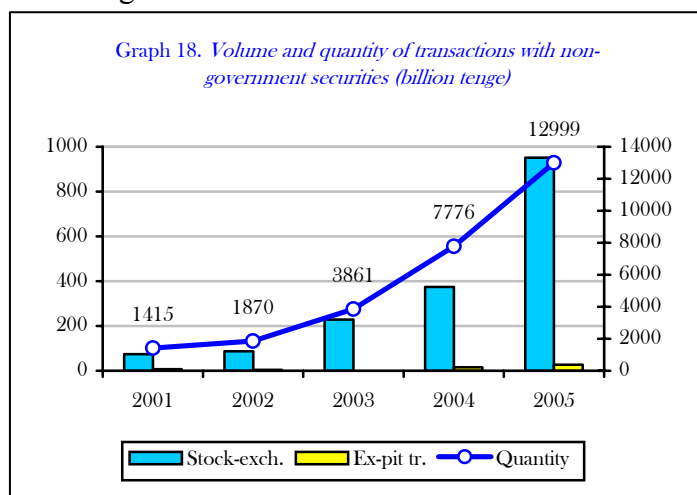
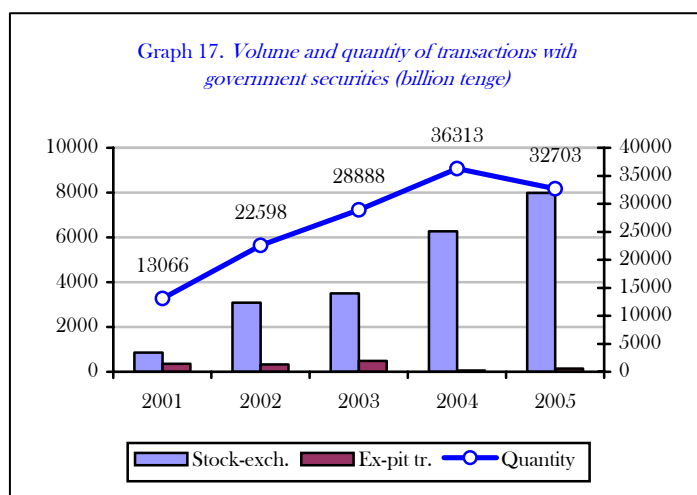
In 2005 the main volume of transactions with government securities consisted of those made on the organized securities market – 98.19%. Transactions made on the unorganized market accounted for 1.81% of the total volume of transactions that were made with government securities.

### Non-government issued securities

12999 transactions with non-government securities were closed for the total amount of KZT978.96 billion (Graph 18) in 2005. The increase of the volume of transactions with non-government securities in comparison with 2004 accounted for KZT589.87 billion. The quantity of transactions with non-government securities increased by 5223, from 7776 to 12999.

The volume of transactions made in 2005 with equities accounted for KZT309.8 billion, preference shares – KZT87.79 billion, with obligations – KZT567.73 billion, with euronotes – KZT3.87 billion, with shares of share investment funds – KZT9.43 billion.

The main volume of transactions with non-government securities consisted of those made on the organized securities market – 97.20%. Transactions with non-government securities made on the unorganized market accounted for 2.80% of the total volume of transactions that were closed with non-government securities.





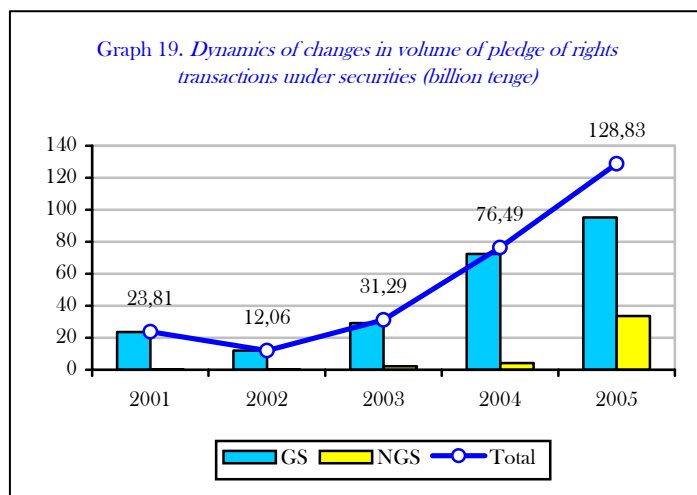
## Pledge of rights under securities

In 2005 the total volume of registered transactions of pledge of rights under securities accounted for KZT128.83 billion.

The volume of pledge of rights under financial instruments in comparison with 2004 increased by KZT52.34 billion. The main subjects of the transactions, as in the previous years, were government securities.

The volume of registered pledge of rights transactions with government securities accounted for KZT95.2 billion or more than 73.89% of the total amount of those made in 2005. The volume of pledge of rights transactions with government securities increased by KZT22.82 billion during 2005 in comparison with 2004.

The volume of registered pledge of rights transactions with non-government securities accounted KZT33.63 billion or 26.11% of total amount of



those made in 2005. The volume

of registered pledge of rights transactions with non-government securities increased by KZT29.52 billion during 2005 in comparison with 2004.

## IV. Review of activity on maintenance of the system of securities holders registers

### Issuers and securities issues

The central depository started to conduct the activity on maintenance of the system of securities holders registers on January 20, 2005, to receive the registers of holders of share investment funds shares of management company JSC “Centras Securities” (open share investment fund “Treasure” and closed share investment fund of risk investment “Centras-Global markets”) for servicing.

During 2005, contracts on maintenance of securities holders’ registers of 38 issues of securities with 10 issuers were closed. As of January 1, 2006, the Central depository conducted the activity on maintenance of securities holders registers of 36 issues of securities, including 12 issues of registers of securities holders that were formed on the base of documents received from previous registrars.



**Table 3. List of the issuers as of January 1, 2006.**

JSC “Centras Securities”
JSC “TuranAlem Securities”
JSC “Kazakhstan Mortgage Company”
JSC “Joint-stock investment fund of risky investments “Venture Fund Centras”
JSC “Financial Company Greenwich Capital Management”
JSC “TENIR Registr”
JSC “West investment company”
JSC “Joint-stock investment fund of risky investments “Kazakhstanskaya Nedvizhimost”
JSC “Joint-stock investment fund of risky investments “Thor Optima Kazakhstan”
JSC “Joint-stock investment fund of risky investments “Direct Investments Foundation”

As of January 1, 2006 the Central depository conducted the maintenance activity on securities holders registers for 7 equities issues, 12 issues of non-government bonds and 17 issues of share investment funds shares:

1. JSC “Centras Securities”:
  - closed share investment fund of risk investment “Centras-Global markets”,
  - open share investment fund “Treasure”,
  - closed share investment fund of risk investment “Centras-Terra Cognito”.
2. JSC “TuranAlem Securities”:
  - closed share investment fund of risk investment “Professional”,
  - closed share investment fund of risk investment “Sbalansirovanniye investicii”,
  - closed share investment fund of risk investment “Perspectiva”,
  - closed share investment fund of risk investment “Noviye proyecti”
  - closed share investment fund of risk investment “Vector”,
  - closed share investment fund of risk investment “BTA Investitcionniy”,
  - open share investment fund "BTA Dokhodniy",
  - closed share investment fund of risk investment “Strategiya”,
  - closed share investment fund of risk investment “Status”,
  - closed share investment fund of risk investment “Sputnik”,
  - closed share investment fund of risk investment "T'Capital",
  - interval share investment fund “Parasat”,
  - closed share investment fund of risk investment “Crystall”,
  - closed share investment fund of risk investment “Prometey”.
3. JSC “Kazakhstan Mortgage Company”:
  - 1 issue of equities,
  - 12 issues of bonds.
4. JSC “Joint-stock investment fund of risky investments “Venture Fund Centras”:
  - 1 issue of equities.
5. JSC “Financial Company ”Greenwich Capital Management”:
  - 1 issue of equities.
6. JSC “TENIR Registr”:
  - 1 issue of equities.
7. JSC "West investment company":



- 1 issue of equities.
- 8. JSC “Joint-stock investment fund of risky investments “Kazakhstanskaya Nedvizhimost”:
  - 1 issue of equities.
- 9. JSC “Joint-stock investment fund of risky investments “Thor Optima Kazakhstan”:
  - 1 issue of equities.

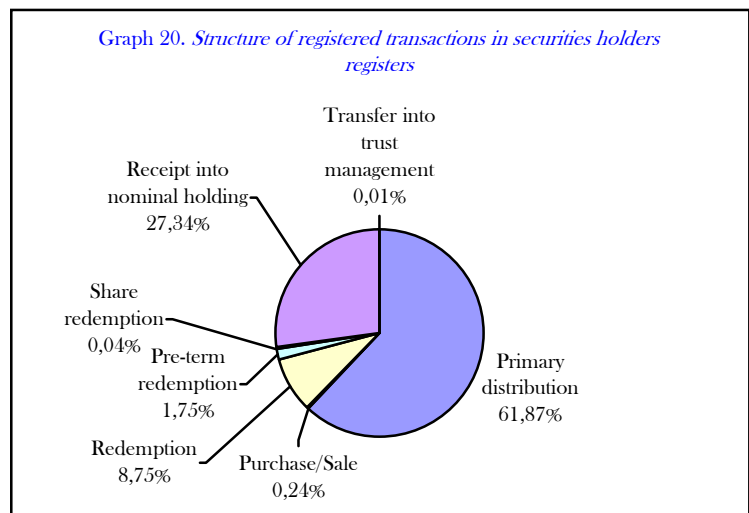
## Securities holders

As of January 1, 2006, 225 holders, including 18 legal and 207 individual persons were registered in the system of securities holders registers. Two individual persons that are non-residents of Republic of Kazakhstan are registered among securities holders.

## Registered transactions

In 2005 the total value of registered transactions amounted to KZT17.13 billion. The main share of registered transactions in 2005 was transactions of primary distribution – 61.87% or KZT10.6 billion (Graph 20), the part of share investment funds shares amounted to KZT4.7 billion of the total value of primary distribution transactions.

In addition the transactions of receipt into nominal holding took the greater share – 27.34% or KZT4.68 billion, transactions of securities redemption – 8.75% or KZT1.5 billion.



## V. Review of activity on the maintenance of bank accounts

On January 10, 2005, the Central depository started to engage of the activity on maintenance of clients current bank accounts. Current accounts in national currency are set up for clients of the Central depository who are not users of the International System of Money Transfer (ISMT) “Kazakhstan Interbank Settlement Centre of the National Bank of Kazakhstan”. There are two current accounts: one is for the accounting of own finance assets, the other – for the accounting of clients finance assets are opened for the client who is not a user of ISMT.

As of January 1, 2006, 53 current accounts, including 27 accounts for accounting of own client finance assets, 26 – for the accounting of finance assets of participant clients were opened in the Central depository.

As of January 1, 2006, the rest of financial assets on current accounts was KZT2,616.9 million, including own current balance - KZT232.55 million and KZT2.384.34 million on client current accounts.

The average monthly balance on current accounts was KZT2,261.36 million, including the average monthly balance on own current accounts that was KZT316.28 million and the average monthly balance on client current accounts – KZT1945.08 million.



## VI. The Central depository is paying agent

The Central depository fulfilled 91547 money transfers to a total amount of KZT23.4 trillion, USD8.93 million, €2.35 million. The value of money transfers in national currency increased by KZT10.47 trillion in comparison with 2004.

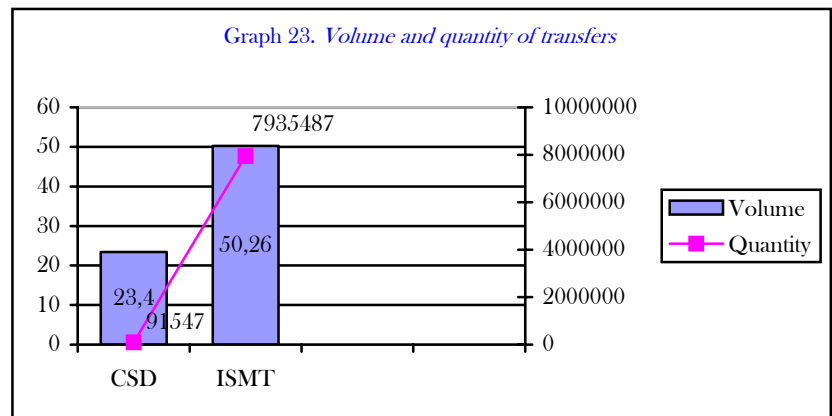
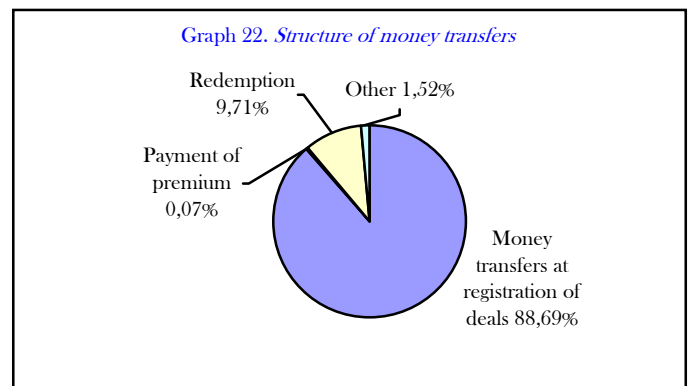
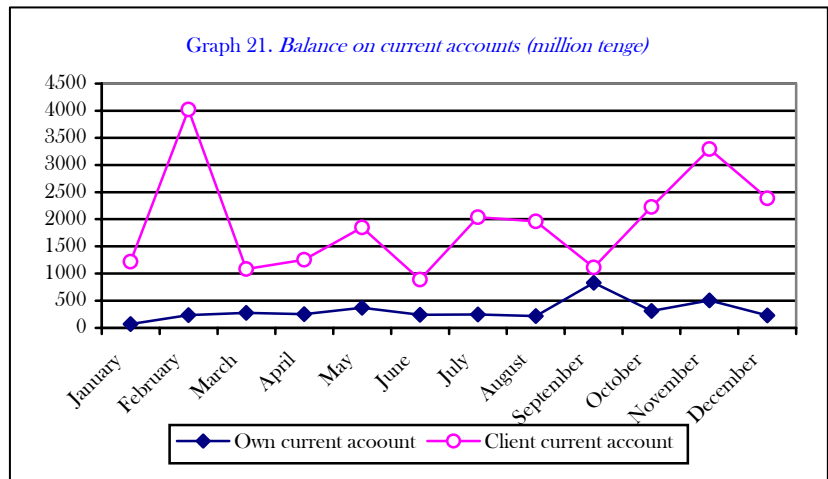
In 2005 in the International System of Money Transfer (ISMT) 7.9 million transfers to a total amount of KZT50.26 trillion were made. Graph 23 shows the quantity share of transfers made by the Central depository of the total account of ISMT transfers is 1.15%. The share of volume of the Central depository transfers in the total volume of ISMT transfers is 46.56%.

During the reported period the Central depository fulfilled transfers of money in total amount of KZT4.16 trillion at registration of deals with financial instruments on primary market. In comparison with 2004, the value of money transfers at registration of deals on primary market was KZT2.75 trillion.

The Central depository fulfilled transfers of money in the total amount of KZT16.55 trillion at registration of deals with financial instruments on the secondary market during the reported period. In comparison with 2004, the volume of money transfers at registration of deals made on secondary market increased by KZT5.49 trillion.

The Central depository fulfilled money-transfers to a total amount of KZT2.27 trillion or €2.2 million at redemption of financial instruments. In comparison to 2004, the volume of money-transfers at redemption of financial instruments increased by KZT1.57 trillion.

In 2005, the Central depository fulfilled money-transfers in a total amount of KZT14.24 billion, USD8.91 million, 0.16 million Euro and 320 Canadian dollars, paying off a premium of financial instruments. In comparison to 2004, the volume of money transfers at redemption of





## Annual report of JSC “The Central Securities Depository” for 2005

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financial instruments in the national currency decreased by KZT2.06 billion, the volume of money transfers at redemption of financial instruments in US dollars decreased by USD6.46 million. The volume of money transfers at redemption of financial instruments in the Euro remained unchanged.