



PRESS ANNOUNCEMENT

Friday 26th September, 2014

Thomas Murray Upgrades the Central Securities Depository Rating for the Central Securities Depository of the Republic of Kazakhstan to A+ with 'On Watch' Outlook

LONDON - Thomas Murray, the specialist capital market data, risk management and research firm is pleased to announce the upgrade of the Public Depository Rating for The Central Securities Depository of the Republic of Kazakhstan (KACD) from 'A' to 'A+'. This upgrade makes KACD a low Overall Risk rating, which is made up of the following components:



CSD Rating	Overall Rating	Asset Commitment Risk	Liquidity Risk	Counterparty Risk	Asset Safety Risk	Asset Servicing Risk	Financial Risk	Operational Risk	Governance & Transparency
KACD Rating:	A+	AA	A	A	AA-	AA-	A+	A	AA-

The upgrade in the overall CSD risk rating is built on the back of an upgrade of Liquidity risk (from A- to A), Financial Risk (from A to A+) and Governance and Transparency (from A+ to AA-).

The rating has been put 'On Watch' as there are a series of developments taking place in the next year, which could cause a change in the rating, depending on the deployment of those projects. The main development is the change from a T+0

settlement cycle to a T+N model. While this initiative is driven by the Kazakhstan Stock Exchange (KASE), its successful implementation could improve KACD's rating. The new settlement cycle would imply alterations to the settlement model, the pre-funding conditions and the default mechanism in place in the on-exchange segment. Another project that could change KACD rating is the enhanced use of ISO 20022 standard SWIFT messages in the local market.

Several changes over the last 12 months have contributed to an improved risk position within KACD and for their participants. One of the most important developments is increase of the insurance policy from KZT 250 million to KZT 500 million. In addition to this, the CSD has continued to strengthen its financial reserves and currently has sufficient liquid assets to cover more than two years of operational expenses. In terms of Liquidity risk, the creation of a single registrar in the market has implied a significant reduction of the re-registration of securities. Lastly, the establishment of a user group has triggered an upgrade of Governance and Transparency risk.

Simon Thomas, CEO and Chief Rating Officer of Thomas Murray, said "*Thomas Murray is pleased to have been able to complete the second public rating of the Central Securities Depository of the Republic of Kazakhstan. We have observed over the last year that KACD has made a significant effort to improve its risk management. This is reflected in the upgrade. It is clear that KACD is seeking to align Kazakhstan with global best practice in many areas*".

Bakhytzhan Kapyshev, President of the Central Securities Depository of the Republic of Kazakhstan, said "*KACD is delighted to have been able to work closely with Thomas Murray once again. We feel that Thomas Murray's feedback and comments on our operations is helpful and valuable as those opinions enable us to identify the areas on which to focus our risk management efforts. KACD will continue to strive to mitigate risk and further develop our infrastructure to achieve a best practice position in the global marketplace*".

The Central Securities Depository rating assesses the performance of the CSD to mitigate risk in its activities of safekeeping and the clearing and settlement of securities, where applicable. It assesses eight key risks. The methodology considers the capabilities of the depository and the quality and effectiveness of its operational infrastructure. It also assesses the depository's willingness and ability to protect its participants or clients from losses. As part of the rating, the scope and quality of the depository's services is assessed. The ratings are on a consistent global scale, using the familiar AAA to C ratings scale. Once the rating is assigned there is an ongoing surveillance process to monitor the depository.

Separately, Thomas Murray has maintained proprietary assessments of over 140 CSDs globally as part of the Thomas Murray Depository Risk Assessment services. These reports are available via the Thomas Murray Data Services at ds.thomasmurray.com.

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The company tracks and analyses over 250 custodians globally and monitors the risk of over 100 capital market infrastructures.

The company has a strong position as a provider of public and private ratings and risk assessments on global custodians, domestic custodian banks and capital market infrastructures.

For additional information about Thomas Murray Data Services, please visit ds.thomasmurray.com.

About the Central Securities Depository of the Republic of Kazakhstan (KACD)

The Central Securities Depository of the Republic of Kazakhstan (KACD) commenced operations in September 1997 as a closed joint stock company. It is a not-for-profit organization founded by professional securities market participants. The majority owner of KACD is the National Bank of Kazakhstan. KACD is the sole organization providing depository services in Kazakhstan.

For additional information about the Central Securities Depository of the Republic of Kazakhstan (KACD), please visit www.kacd.kz.

About Thomas Murray Data Services

Thomas Murray Data Services is a specialist custody rating, risk management, research and information provider specialising in the global securities services industry.

Our range of products and services provide reports on over 250 custodians, 130 central securities depositories and 100 markets globally.

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