ASTANA INTERNATIONAL EXCHANGE

MARKET CONSULTATION PAPER NO. 2 /2020

Annex 2

MAR Corporate Governance simplification suggestions as proposed by AIX (Extracts from MAR)

2.3.4 Reduction of share capital

The Board of a Reporting Entity must ensure that a Reporting Entity does ~~not purchase its own Shares~~reduce its share capital unless:

(a) the ~~purchase~~ reduction does not materially prejudice the Reporting Entity's ability to pay its creditors;

(b) a public disclosure is made as soon as possible of any proposed change in its capital structure, and, following the redemption of listed Shares, if any, information on such redemption including details of the number of Shares redeemed and the number of Shares of that class outstanding following the redemption~~it has obtained prior approval of shareholders in meeting by a majority vote; and~~

~~(c) prior to the meeting seeking the approval referred to in (b), the notice of the meeting and any accompanying documents relating to the purchase is filed with the AFSA~~.

2.3.8 Other matters requiring shareholder approval

(1~~a~~) The Board of a Reporting Entity must, subject to (2~~b~~), ensure that a majority of shareholders in voting approves:

(~~i~~a) any alteration of the constitutional documents of the Reporting Entity including any alteration to the memorandum of association, articles of association, bylaws or any other instrument constituting the Reporting Entity;

~~(ii) an alteration of the issued Share capital of the Reporting Entity which is more than 25% of the existing issued Share capital;~~

~~(iii) any acquisition or disposal of an asset of the Reporting Entity where the value of the asset involved is 25% or more of the value of the net assets of the Reporting Entity as at its last published financial reports;~~

(b~~iv~~) the appointment or removal of a Director of the Reporting Entity and the terms of such appointment;

(c~~v~~) the appointment or removal of the Auditor of the Reporting Entity;

(d~~vi~~) the placing of the Reporting Entity into voluntary liquidation;

(vii) ~~an acquisition or series of acquisitions in any twelve month period: (a) the value of which exceeds 100% of the value of the net assets of the Reporting Entity as at its last published financial reports; or (b) which would result in a fundamental change in its business, board or voting control; and~~

~~(viii) a disposal by the Reporting Entity which, when aggregated with any other disposals over the previous twelve months with a value in excess of 75% of the value of the of the value of the net assets of the Reporting Entity as at its last published financial reports.~~

(~~b~~2) The requirement in (1~~a~~) does not apply, subject to any requirements in the constitutional documents of the Reporting Entity, in relation to the appointment or removal of a Director or Auditor of a Reporting Entity in circumstances where the immediate appointment or removal is necessary in the interests of the Reporting Entity.

Guidance: Other matters requiring shareholder approval

~~(1) Under MAR 2.3.8(a)(ii), an increase in the issued Share capital of a Reporting Entity which results in an increase of more than 25% of its current Share capital requires shareholder approval regardless of whether or not such an increase is within the authorised capital of the relevant Reporting Entity.~~

~~(2)~~ The circumstances in which the immediate removal of a Director or Auditor may become necessary include matters affecting that Person's fitness and propriety, such as professional misconduct of such a Person.

2.5.3 Related party transaction procedures

If a Reporting Entity enters into a Related Party Transaction or a series of Related Party Transactions in any 12-month period and the value of such transaction(s) is greater than 5% of value of the net assets of the Reporting Entity as stated in its most recent financial reports, a ~~A~~ Reporting Entity must no later than the time when the terms of the transaction or arrangement are agreed, make public disclosure which sets out~~ensure that~~:

(a) the nature of the related party relationship;

(b) the name of the Related Party;

(c) the date and the value of the transaction or arrangement; and

(d) any other information necessary to assess whether the transaction or arrangement is fair and reasonable from the perspective of the Reporting Entity and of the stakeholders who are not a Related Party, including minority shareholders and creditors.

~~(a) if the value of a Related Party Transaction is greater than 5% of value of the net assets of the Reporting Entity as stated in its most recent financial reports, it does not enter into such a transaction unless the transaction has been put to shareholder approval and has received prior approval by a majority of the shareholders in voting of the Reporting Entity; or~~

~~(b) if the value of the Related Party Transaction is less than the 5% threshold referred to in (a), it gives to the AFSA a notice as soon as possible after the transaction of the relevant terms and the basis on which such terms are considered fair and reasonable, supported by a written confirmation by an independent third party acceptable to the AFSA; or~~

~~(c) if the cumulative value of a series of Related Party Transactions with the same Related Party and Associates of that Related Party reaches the 5% threshold referred to in (a) in any 12-month period, it does not enter into the last of the series of the transactions unless such proposed action has been put to shareholder approval and received approval by a majority of the shareholders in voting of the Reporting Entity.~~