

Minutes of the 2nd Meeting of the Working Group on Money Market Indices (MMWG)

5 October 2018, Almaty

On 5 October 2018, the 2nd meeting of the Working Group on Money Market Indices (hereinafter - MMWG) was held in Almaty with the participation of the representatives of the European Bank for Reconstruction and Development (hereinafter - EBRD), the National Bank of Kazakhstan (hereinafter - NBK), commercial banks and Kazakhstan Stock Exchange JSC (KASE).

The meeting was held in a business-friendly atmosphere, aimed at discussing the results of the consultation that followed the previous meeting of the MMWG concerning consideration of possible options for Kazakhstan one-day risk-free benchmarks.

According to the agenda, the following issues were discussed during the meeting:

I. Results of the consultation on Risk Free Rate candidates and agreements following the 1st meeting of the MMWG

1. Participants of the meeting discussed the results of analysis of the money market indices in Kazakhstan, which were based on commercial banks' responses to a consultation questionnaire they had filled prior to the meeting. In particular, strengths and weaknesses of each candidate index were considered.

2. The NBK representatives took into consideration the proposals of the commercial banks' representatives concerning opening of an additional "window" directly with the NBK after closing the trading at KASE, due to the need for additional placement of funds. Currently this proposal is under consideration.

3. The NBK representatives informed the commercial banks that the NBK was considering the possibility for the NBK to participate in two-day swaps at KASE, if one-day swaps were not available.

4. The NBK representative also informed the participants of the meeting about changes in system of settlements: **T+1 in the FX sector of KASE and T+2 in the NBK notes' placement.**

II. EBRD presentation of review of valid market money indicators given the latest international trends

1. EBRD representatives presented the underlying principles of one-day risk-free rates and experience of similar working groups of G7 in development of one-day risk-free benchmarks.

III. As a result of the meeting the parties agreed on the following:

1. Following the results of discussion of the MMWG members, the indicator TONIA was unanimously selected as the best candidate for one-day risk-free benchmark. Indicators IBOR/KIBID, KIMEAN and KazPrime were excluded from

the list of potential risk-free benchmarks due to the low demand they enjoy among the market players.

2. Participants agreed that further analysis of Tonia calculation methodology and definition is needed prior to next meeting to discuss whether (any) changes are warranted and agree on a transparent and comprehensive definition for the index.

IV. On the holding the next meeting of the MMWG

1. The Parties agreed to hold the next meeting of the MMWG in the first quarter 2019, in Almaty

2. The specific dates and venue of the next meeting will be agreed upon additionally.