

**JSC Halyk Bank
Payment System
RULES**

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Chapter 1. General Provisions

These Payment System Rules of JSC Halyk Bank shall regulate the operating procedures of the payment system, terms and conditions for participation in the Payment System, terms of interaction between the operator and participants, and other terms stipulated by the legislation of the Republic of Kazakhstan.

Chapter 2. Terms and Definitions

Authorization request means the acquirer's request to the issuer for authorization.

Authorization means a permission (issue of payment guarantee confirmation) provided by the issuer for transaction execution, which is a basis for the acquirer receiving compensation from the issuer for the transaction in the amount for which the authorization has been provided.

Authorization limit means the amount of card transactions equal to the expected total of daily transactions per day on cards issued by the participant and used by the Bank for settlements with the Bank's payment system participants, international payment systems, for the participant under the concluded agreements. Each authorized card transaction reduces the authorization limit by the amount of such card transaction.

ATM means an electronic-mechanical device that allows the cardholder to receive cash and use other services of the issuer using a payment card.

BIN (bank identification number) means an 8-digit numeric identifier to identify the types of the issuer's card products/6-digit numeric identifier provided to the acquirer.

Cardholder means a natural person using the card as a customer based on the agreement with the issuer, or a natural person - the customer's authorized representative.

Pledge means a way to ensure fulfillment of obligations when money is placed by the system's participant on the operator's account in order to reduce financial risks of the operator associated with the lack of money on the correspondent account, other bank accounts of the system participant that are necessary to make settlements, pay fees, fulfill its monetary obligations to the operator.

Card or payment card means a payment card or other means of electronic payment, which contains information to enable the remitter to initiate payment and (or) transfer or receive cash, or exchange currency and carry out other operations provided by the agreement between the remitter and the issuer of e-payment facilities, using electronic terminals or other devices.

Customer means an individual or legal entity entered into the agreement with the issuer for card issue and service.

Operator's fee means a commission fee charged to the participant for services within the system in accordance with the basic tariffs of the system or the tariffs specified in the agreements with the participants.

Routing means receipt/transfer of information (authorization requests/responses and financial documents) when carrying out a transaction

International Payment Systems (IPS) means the organization, which defines the rules, including a set of software and hardware to ensure payments and (or) money transfers through interaction with members of the International Payment System, and standards of relations arising within the International Payment System, and which monitors compliance with the above rules and standards and resolves conflicts within the International Payment System.

Security (Pledge or Security deposit) means funds (liability of the system participant) to be placed by the system's participant on the operator's account in order to reduce financial risks of the operator in case of the participant's failure to fulfill its monetary obligations to the operator.

Payment system operator (system operator, operator, Bank, JSC Halyk Bank) means JSC Halyk Bank, which is engaged in the activities to ensure the payment system's operation and perform statutory obligations related to such activities.

Transaction means an action initiated by the cardholder, (a) resulting in the money transfer using the card - a financial transaction; (b) not related to the money transfer (balance enquiry, PIN code change, etc.) - non-financial transaction.

Reports mean standard reports developed by the operator per each participant for an agreed period and sent to the participant. These reports include information on amounts of clearing positions, amounts of service fees in accordance with the system tariffs.

Card PIN-code (PIN, PIN-code) means a personal identification number of the card (secret code) used by the cardholder when carrying out transactions as a substitute of a handwritten signature, which authenticates the cardholder.

Payment System Rules of JSC Halyk Bank (Rules) mean these Rules, defining the terms and conditions for participation in the system, provision of services and other terms determined by the operator in accordance with the legislation of the Republic of Kazakhstan.

Software means a set of software and hardware facilities, technical and organizational measures and procedures required card transactions and money transfers between the operator and participants.

Processing organization means an organization which processes interbank payments within the Payment System of JSC Halyk Bank in the Republic of Kazakhstan.

Processing center means JSC Halyk Bank, which ensures mutual settlements within the system on participants' transactions by withdrawing and crediting funds from and to participants' accounts opened with JSC Halyk Bank.

Device network means a set of ATMs, electronic terminals, self-service terminals and other devices designed to carry out transactions using the card / card details.

System, Payment System of JSC Halyk Bank (JSC Halyk Bank PS) means a bidirectional inter-host authentication and clearing interface between the system operator and participants interacting under the Payment System Rules of JSC Halyk Bank, including the payment infrastructure of participants.

System parties mean the operator, participants.

Security deposit means a bank savings account opened for the System Participant with the Operator to deposit insurance contributions of the System Participant in order to reduce financial risks of the Operator associated with insufficient funds at the System Participant's account that are required for settlements.

Participant's account (Account) means a bank account of a participant opened with the operator for the purpose of mutual settlements.

System tariffs (Tariffs) means the amount and procedure of charging fees for services provided to the participant. Tariffs can be basic, which are posted on the operator's website, and individual, which are specified in the participant agreements.

Self-service terminal means a device designed for transactions with the use of cards allowed in the system, except for cash withdrawal.

Cross-border transaction means a transaction, which involves a payer or recipient of funds being outside the Republic of Kazakhstan, and (or) a transaction involving a foreign bank to provide services to the payer or recipient of funds.

Merchant means a merchant which has entered into contractual relations with the acquirer in order to use cards of the participants as an electronic means of payment for goods (works, services) sold to the cardholders.

Participant means any bank or organization carrying out particular banking transactions that entered into an agreement with the operator. At the same time the operator may classify participants in accordance with the rules of international payment systems.

Transaction-files mean financial messages generated by the participant and sent to the operator based on the information in the software and primary payment documents, which confirm that transactions have been made with the use of cards of the participant and other participants of the participant's acquiring network issued by the operator.

Outgoing file mean financial messages generated by the operator based on the information in the software and primary payment documents, which confirm that transactions have been made with the use of cards of the participant in the Operator's acquiring network, participants.

Net position means a result of offsetting the counterclaims and obligations of the clearing participants under the transactions executed through the card market participants and via international payment systems. As a result of offsetting, obligations of the clearing participants under the said transactions shall cease (to the extent they are offset), and to the extent they are not offset, shall be determined as net obligations or net claims on mutual settlements of the clearing participants.

Acquirer means a participant engaged in acquiring.

Acquiring means activities of the operator and the participant to ensure carrying out transactions with the use of a card (card details), and (or) cash dispensing to cardholders who are not customers of the acquirer, as well as other operations in accordance with the Rules.

Electronic terminal means a device designed for transactions carried out with the use of a card in a structural subdivision or merchant of the participant.

Issue means activities for card issue intended for carrying out transactions by cardholders.

Issuer means a participant who issues a card. Issuers of payment cards are second-tier banks and the national postal operator.

Chargeback (Financial claim) means a chargeback or claim document, a financial request of the issuer to return the amount of disputed transaction to the cardholder in case of improper performance by the merchant of obligations to provide services or in case of receipt by the bank of customer's request, from whose card account in the card database/e-wallet an improper, incorrect debit was made.

Online-transaction means a transaction with the use of a card, during which authorization is requested from the issuer online.

PCI DSS (Payment Card Industry Data Security Standard) means a data security standard for the payment card industry, which combines the requirements of international payment systems to ensure information security, developed by the PCI SSC Council.

Presentment (financial document /first presentation) means a transaction of payment for goods and services, cash receipt, currency translation, and other transactions on the terms and conditions defined by the Bank, that are carried out with the use of a card.

Retrieval Request means a request by the issuing bank for copies of supporting documents on card transactions.

Representment means provision by the acquiring bank of a financial document for a disputed financial transaction to the issuing bank.

Reversal/adjustment (full/partial reversal) means a procedure for cancellation of the authorized payment transaction.

Chapter 3. Introduction

1. The system was organized to ensure uninterrupted, efficient and easy provision of services with the use of cards provided to customers by the operator and participants in accordance with the Rules.
2. The Rules have been developed in accordance with the effective legislation of the Republic of Kazakhstan, the rules of international payment systems and internal regulatory documents of JSC Halyk Bank.
3. The participants accede to the Rules in accordance with the procedure defined in the Rules.
4. The Rules are binding on all participants.
5. The Rules and basic tariffs of the system are publicly available and posted in the information and telecommunication network Internet on the official website of the operator (www.halykbank.kz).

Chapter 4. Rules Amendment Procedure

6. The operator shall approved these Rules and carry out other actions established by the legislation of the Republic of Kazakhstan and these Rules.
7. The operator shall be entitled to amend the Rules on a unilateral basis.
8. The operator shall notify participants of any duly approved amendments and supplements to the Rules, tariffs by placing a relevant notice at the official website of the operator (www.halykbank.kz) in Internet.
9. The operator reserves the right to use other available means to inform the participants.

Chapter 5. Description of services provided by the operator and operations carried out in the payment system, and the operating schedule of the payment system

10. The operator shall provide the following services and carry out the following transactions:
 - 1) routing of transactions (cash withdrawal from the card, card replenishment, non-cash payments and card-to-card transfers) in the system through the processing organization;
 - 2) maintenance of the participant's card database in the operator's software (processing);

- 3) organizing issue and service of the participant's card;
 - 4) carrying out mutual settlements with participants on transactions made in the acquiring service network of the operator, participants or other second-tier banks;
 - 5) organization of accession to the international payment system, if necessary;
 - 6) organization and support by the operator of the participant's acquiring network for acceptance of plastic bank cards of international payment systems in order to pay for the merchant's goods and services and/or for cash withdrawal through participants' devices;
 - 7) provision of services for personalization of the Participant's cards without maintaining a card database;
 - 8) other services at the request of the Participant if it is technically possible to provide services in the system.
11. Services and transactions shall be delivered by the operator in the system 24/7.

Chapter 6. Terms and conditions for participation in the Payment System

12. The decision to provide services to a participant shall be taken by an authorized person and/or body of the operator.
13. A bank or an organization carrying out particular banking transactions, which intends to become a participant, shall:
- 1) have a valid license for banking transactions issued by the National Bank of the Republic of Kazakhstan;
 - 2) comply with the legislative requirements of the Republic of Kazakhstan for anti-money laundering and combating the financing of terrorism;
 - 3) not have any sanctions imposed on the participant and/or officials, affiliates thereof, in accordance with jurisdiction of any country (e.g. OFAC) or international organization (including, but not limited to FATF and UN);
 - 4) be technically equipped so that to be compliant with the technical requirements to operation in the system set forth in the Rules;
 - 5) ensure information protection in in-house information systems as required by the Rules and the legislation of the Republic of Kazakhstan.
14. When considering the delivery of services, the following mandatory requirements are imposed on the participant:
- general requirements:
- 1) the security placed with the operator unless:
 - the participant has the established limit on treasury transactions (settlement limit), in this case, a decision to waive the requirement for security deposit/pledge shall be taken by authorized bodies/persons of the operator;
 - the operator provides only services of the participant's card personalization, without maintenance of the participant's card database;
 - the resolution of the operator's authorized body;
 - 2) opening by the participant of correspondent accounts with the operator in such currency that is required to carry out mutual settlements on transactions, unless:
 - the operator provides only services of the participant's card personalization, without maintenance of the participant's card database;
 - or there is an agreement between the parties, which defines other settlement procedure through loro accounts opened with another bank.
- Opening of correspondent accounts with the operator shall be carried out in accordance with the internal regulatory documents of the operator, which govern the procedure for opening and maintenance of correspondent accounts;
- 3) concluding by the participant of the processing service agreement with a processing organization. The operator reserves the right to select a processing organization;
 - 4) providing of the participant's annual statements;
 - 5) providing of the business plan for card business development of the participant for the nearest 3 (three) years;

6) experience of the participant's processing center in passing the card system certification (preferable);

7) the planned minimum volume of card issue for the whole period of work - not less than 1,000 pieces;

8) license of the participant of international systems (VISA, Mastercard, UPI, other) – obligatory requirement;

9) mandatory compliance with the current rules of international payment systems (VISA, Mastercard, UPI, other);

10) compliance with the legislation of the Republic of Kazakhstan;

technical requirements for maintaining the participant's card database in the card system of the operator and organization of issue and service of the participant's cards:

1) ATMs shall be connected to the operator's processing system using the D912/NDC+ protocol;

2) ATMs shall be from the list of ATM manufacturers supported by the operator's processing system;

3) POS terminals shall be certified to support ISO 8583 OpenWay dialect and Secure ISO by OpenWay Systems, EMV, PCIPTS and TQM protocols;

4) POS terminals shall be from the list of POS- terminal manufacturers supported by the operator's processing system;

5) card acceptance equipment shall have all then required certificates for equipment and software of international payment systems;

6) entrepreneurs connected via e-commerce interface shall be considered on a case-by-case basis;

7) net plastic and PIN-Envelopes shall meet the requirements of international payment systems and shall be supported by OpenWay Systems;

technical requirements when making mutual settlements with a participant on transactions in the Republic of Kazakhstan, in the operator's and/or participant's and other second-tier banks' service network:

1) participants' processing centers shall support the OpenWay dialect host-to-host interface. Participants (or software suppliers of participants' processing centers) shall have their processing centers certified by OpenWay Systems;

2) participants' processing centers shall be certified by international payment systems when brought into commercial operation;

3) the list of functions supported by the host-to-host interface shall be determined by the participant independently, but shall not exceed the list of functions supported by the operator's processing system;

4) card acceptance equipment selected by the participants independently shall have certificates for equipment and software in accordance with the requirements of international payment systems. Connection of such equipment to the commercial system can only be made after additional certifications with international payment systems;

5) annual review for compliance with PCI DSS standard.

15. The participant shall provide the operator with a duly executed package of documents:

1) an application form approved by the internal regulatory documents of the operator for such services;

2) notarized copies of the organization's documents:

the charter as amended with a stamp of the registration authority confirming the state registration/re-registration of the legal entity;

documents on election (appointment) of the CEO and/or order for a substitute of the CEO, power of attorney for the signatory of the relevant agreements on behalf of the legal entity (if necessary);

state registration (re-registration) certificate of the legal entity;

document with sample stamps (if any) and signatures of those authorized to sign the relevant agreements;

license issued by the authorized state body;

financial statements (tax and management) for the last quarter and the last reporting year (balance sheet, profit and loss statement, statement of cash flows, breakdown by balance sheet item, auditor's reports (if any);

document(s) to certify the identity of the official(s) authorized to sign the legal entity's documents for transactions in money and/or other property.

In accordance with the Foreign Account Tax Compliance Act (FATCA) of the United States of America (the “USA”) and the Rules for implementing FATCA compliance procedures in JSC Halyk Bank, the following documents shall be provided:

if, after the application form is completed, a beneficial owner of the participant is identified, having the characteristics of a US person, the participant shall submit additional documents provided for by the Rules for implementing FATCA compliance procedures in JSC Halyk Bank and the Common Reporting Standard (CRS);

if, after the FATCA application form is completed, the characteristics of a US person are identified, the participant shall additionally provide documents provided for by the Policies of the Operator;

3) business plan for card business development of the participant for the nearest 3 (three) years;

4) to determine the beneficial owners with participation share of 25% or higher, the participant shall fill in the Customer Questionnaire filled out by the correspondent bank as part of the policy on anti-money laundering and combating the financing of terrorism, and provide the following documents:

where the participant’s shareholder is an individual – documents to certify the identity of such individual;

where the participant’s shareholder is a legal entity – constituent documents and/or extract from the security holder register, documents to certify the identity of the legal entity’s beneficial owners.

The operator shall be entitled to request other additional documents.

16. By entering into relevant agreements with the operator, the participant accepts the Rules in their entirety without any exceptions or restrictions.

17. The operator shall check the provided package of documents within 30 (thirty) calendar days.

18. Following the review of the package of documents, the operator shall give a notice to the participant on a decision adopted.

19. Issue and acquiring activities of the participant within the system is only possible after the necessary set of measures for setting/technical modification of the participant’s base/initial configuration in the operator’s software is carried out, obligatory payments are made in accordance with the system tariffs, security is provided (given the relevant decision of the operator’s authorized body) and an agreement is concluded.

Chapter 7. Procedure for suspension and termination of participation

20. Participation in the system may be terminated or suspended based on the following grounds:

1) at the participant’s initiative;

2) at the operator’s initiative;

3) upon mutual agreement of the parties;

4) in other cases provided for by the Rules and the legislation of the Republic of Kazakhstan.

21. Termination of participation in the system at the participant's initiative:

1) a participant can choose unilaterally to terminate participation in the system. If such decision is made, the participant shall give a notice of termination to the operator 30 calendar days prior to the anticipated termination date;

2) upon receipt by the operator of a participant's notice of termination, the operator shall take measures to terminate agreements (including, if the parties are supposed to enter into termination agreement) and remove BIN (s) of the participant from the system;

3) before the termination date, the participant shall be obliged to fulfill all financial and other obligations that the participant may have to the operator and other participants over the period of his/her operation in the system as a participant;

4) participation in the system shall not be terminated earlier than 180 (one hundred eighty) calendar days after the date of the last transaction on the participant's card or network of devices, provided that the participant has no financial liabilities to the operator and other participants. At the same time, the terms may vary depending on the current regulations established by the rules of international payment systems;

5) upon expiry of the term for settling liabilities mentioned in paragraph 4) of this clause, the operator shall return the security in the amount of unused balance of the security deposit/pledge to the participant within 3 (three) business days following the termination date;

6) termination of participation in the system shall not release the participant from its obligations arising within its activities in the system.

22. Suspension or termination of the participation in the system at the operator's initiative.

The operator shall be entitled to terminate or suspend the participation if a participant violates the legislative requirements of the Republic of Kazakhstan, the Rules, and if the participant is unable or is reasonably believed to be unable to fulfil its obligations as a participant, including but not limited to:

1) non-fulfillment or improper fulfillment by the participant of its obligations to the operator and other participants;

2) damage to the Operator's business reputation;

3) impossibility to meet requirements to the participant's account for settlements on transactions, including seizure of funds on the account, suspension of the account transactions in accordance with the legislation of the Republic of Kazakhstan

4) the participant's failure to implement all required measures in the area of anti-money laundering and combating financing of terrorism;

5) suspicions that business relations are used for the purpose of money laundering or financing of terrorism have arisen when studying the transactions made by the participant;

6) repeated refusals to conduct bank account transactions or suspension of all transactions on bank accounts of the participant;

7) current sanctions imposed on the participant and/or affiliates thereof, in accordance with jurisdiction of any country (e.g. OFAC) or international organization (including, but not limited to FATF and UN);

8) provided by the internal regulatory documents and procedures of the Bank on anti-money laundering and combating the financing of terrorism;

9) prohibition by the National Bank of the Republic of Kazakhstan to implement individual banking transactions which impedes fulfillment of the participant's obligations within the system;

10) detection of adverse factors entailing risks of violation by the participant of the system uninterrupted functioning;

11) determination of the information protection requirements that affect safety of the system operation;

12) lack of the participant's transactions for 6 (six) successive calendar months;

13) the participant's failure to observe the deadline for security replenishment up to the amount of the security deposit/pledge set by the operator;

14) deterioration of the participant's financial position, as calculated by the operator based on a set of financial risk mitigation measures.

If the operator chooses to terminate participant's membership in the system, the operator shall give notice to the participant 30 (thirty) calendar days prior to the anticipated date of termination of the agreement with the participant.

If the operator chooses to suspend participant's membership in the system, the operator shall give a notice to the participant and shall be entitled to suspend the participant's membership in the system from the date the participant receives the notice.

23. Measures to terminate or suspend the participant's membership in the system:

1) if the operator makes a decision to suspend participation in the system, the operator shall give a notice of suspension to the participant, indicating a violation that caused the operator to make such decision, which also specifies the cure period;

2) the participant's operation in the system is resumed provided that the violation specified by the operator in the notice is remedied;

3) if the violation is not remedied within the established deadline, the operator shall be entitled to initiate the procedure for the participant's termination in the system;

4) after making a decision on the membership termination, the operator shall give a notice to the participant indicating the basis and date of such termination;

5) the operator takes measures to remove BIN (s) of the participant from the system;

6) during the period since the date of sending by the operator of a termination notice, the participant shall be obliged to perform all financial and other obligations to the operator and other participants over the period of the participant's operation in the system;

7) participation in the system shall not be terminated earlier than 180 (one hundred eighty) calendar days after the date of the last transaction on the participant's card or network of devices, provided that the participant has no financial liabilities to the operator and other participants. At the same time, the terms may vary depending on the current regulations established by the rules of international payment systems;

8) upon expiry of the term for settling liabilities mentioned in paragraph 7) of this clause, the operator shall return the security in the amount of unused balance of the security deposit/pledge that may remain after performance of all the participant's obligations to all the system subjects over the period of its operation in the system as a participant;

9) termination of participation in the system shall not release the participant from its obligations arising within its activities in the system.

24. Participation in the system shall be terminated if:

1) the participant's license for banking and other transactions or license for particular banking transactions is revoked;

2) the participant is adjudged to be a bankrupt (insolvent).

Chapter 8. Operating procedures of the payment system, procedure for interaction between the payment system participants and the operator

25. Information exchange between the operator and participants.

The operator shall automatically:

1) process information received from the participant from 9:00 to 18:00 local time of the current transaction day. Information received after 18:00 local time of the current day shall be processed on the next transaction day;

2) accept and process information which is delivered to the participant from the international payment system and designated to the participant, in accordance with the regulations provided by the rules of international payment systems and technological processes of the operator's software;

3) upon acceptance of reporting information from the international payment system, transfer the same to the participant, and upon acceptance of reporting information from the participant, transfer the same to the international payment system within one business day following the business day of acceptance;

4) generate daily reports for the participant based on the results of transactions on the participant's cards. Additionally, daily reports for the past business day are generated and sent to the participant electronically not later than 12:00 of the local time on the business day following the reporting day, via secure communication channels.

26. In accordance with the regulations stipulated by the card system rules and technological processes of the operator's software, the operator shall use information about processing of the participant's transactions carried out via the processing organization, and include such information in reports.

27. Registration of the participant's financial institution:

1) the operator shall enter the participant's financial institution in a special menu of the operator's software;

2) the operator shall assign the financial institution's attributes to the main objects in the financial institution (customer, agreements, products, service packages, account schemes, events, macrotransactions, etc.);

3) the operator shall develop or amend standard terms for card issue and service in the financial institution, create user groups and assign appropriate rights to user groups, in accordance with written requests received from the participant;

4) carrying out transactions between various financial institutions of the participants shall be determined by routing conditions set by the operator;

5) the operator shall create user groups and assign appropriate rights to user groups, based on the official request from the participant. The operator shall consider if it possible to fulfil the participant's request, set the request deadline, implement relevant changes in the system and give a response to the participant within the deadline established by the legislation of the Republic of Kazakhstan.

28. Card issue:

1) the operator shall set or change the terms (parameters) of issue and service of the participant's cards, merchants of the participant's acquiring network in the operator's software;

2) for card personalization and printing out of PIN-Envelopes, the operator shall accept blank plastic and PIN-Envelopes from the participant in the necessary amount, based on the Acceptance Certificate, to the operator's warehouse; in this case, the operator may produce virtual cards as well;

3) the operator shall provide the participant with a description of the application file format and personalize cards and print out the participant's PIN-Envelopes, based on and as a result of processing the application file received from the participant;

4) the operator shall carry out standard personalization of cards and print out PIN-Envelopes of the participant within 5 (five) business days from the date of acceptance and successful processing of the application file from the participant;

5) the operator shall carry out urgent personalization of cards and printing out of PIN-Envelopes within 2 (two) business days upon the written request of the participant;

6) number of cards/ PIN-Envelopes personalized in accordance with the standard and urgent procedures shall be stated in the report on processing services delivered to the participant for the reporting month, based on which an invoice is generated in accordance with the operator's basic tariffs in effect or the tariffs specified in the agreement with the participant;

7) application and embossing files are received by the operator on the current transaction day if they are received by the operator before 16:00 local time of the transaction day;

8) once the application file is processed, the operator shall generate a response file with information about the processing results and send the response file to the participant by the same method within one transaction day from the time of processing. It is also possible to transfer embossing files for further personalization of cards to the operator's network resource agreed upon by the operator and the participant

9) the issue of personalized cards and PIN-Envelopes, including defective or unused ones, is made by the operator during the transaction day to the participant's authorized employees based on the Acceptance Certificate and Power of Attorney. At the same time, the transfer/sending of personalized/defective cards of the participant outside the Republic of Kazakhstan shall be carried out by courier service or by any other means as agreed by the parties

10) the cards for payment organizations shall be issued in accordance with the terms of the agreement concluded between the issuing Bank and a payment organization.

29. Operation with service devices of the participant to whom the operator provides card database maintenance services:

1) for servicing the acquiring network of the participant in the operator's software, the operator shall procure service devices, which are owned by and installed by the participant on behalf of the participant;

2) for opening (establishing) of the merchant agreement, cash point, and for connecting self-service devices of the participant, the operator shall process the participant's applications sent through the agreed data communication channel, which specify the necessary data for the establishment of the agreement and / or device;

3) the operator shall be entitled to demand that the participant carry out all necessary preparatory work to connect the service device (provide communication lines, conclude agreements with the lessor);

4) based on the participant's application for the service device installation in the operator's software, the operator shall establish an agreement, create and assign the identification number (ID) of the service device to be installed;

5) the participant shall independently program and install the POS-terminal in the connected cash point or merchant, and provide further acquiring support of the connected points;

6) based on the participant's request, the operator shall change telecommunication settings, dislocation, denomination of banknotes, etc. for the participant's service devices;

7) the participant shall independently install the service device at the participant's point of service;

8) when installing POS-terminals, the responsible employees of the operator shall upload cryptographic keys in the device by means of remote dynamic loading.

30. When the participant uses PayMe mPOS-terminals, the cooperation with the participant and PayMe shall be as follows:

1) participant's entrepreneurs/participant shall purchase PayMe mPOS terminals. After that, the participant shall send an application for registration of mobile terminals to the operator;

2) the operator shall assign identification numbers (ID) to the terminals in the operator's software;

3) after registration is completed in the operator's software, the operator shall send a notification of completion of the mPOS-terminal registration procedure;

4) after establishing the mPOS-terminal, the participant's entrepreneur shall independently submit an application at www.pay-me.kz, to be further activated by PayMe;

5) when the participant's entrepreneur carries out a transaction using PayMe service, data on the transaction is transmitted to the issuer. In this case, the financial document shall be sent to the participant by the operator through the existing communication channel with the international payment system or via payment system of JSC Halyk Bank.

31. The participant's merchant transactions using a POS terminal are recorded in the operator's software.

32. Daily interbank settlements:

1) based on the documents in the system, the operator generates and transmits to the participant the outgoing file on transactions carried out on the participant's cards in the acquiring network of the operator, other participants or second-tier banks;

2) based on the documents, the participant generates in the system and transmits to the operator the transaction-files on transactions carried out on the cards of the operator, other participants, the second-tier banks in the participant's acquiring network;

3) either party shall send files of information to the other party in encrypted form by means of a pre-agreed data communication channel within two business days following the day of transactions;

4) the operator shall generate daily reports for the participant on transactions processed through the participant's cards, and transactions in the participant's acquiring network;

5) daily reports for the past working day shall be generated and submitted to the participant electronically not later than 12:00 p.m. local time of the business day following the reporting day;

6) payment documents on net position debiting/crediting (including all fees) with participants are generated automatically at the end of the transaction day in the operator's software;

7) the operator shall check the unloading of payment documents in the operator's software and the flow of settlements through the participants' open accounts;

8) the operator shall make settlements with the participant through accounts specifically opened with the operator to that end;

9) the operator may provide for limitation of the volume of authorized transactions on the participant's cards. The conditions and terms of such limitation are stipulated in separate written notifications to the participant;

10) based on the calculated net position (including all commission fees), the operator withdraws money by debiting the participant's accounts in the appropriate currency or credits the participant's accounts in the appropriate currency;

11) if on the day of settlement on transactions performed, the participant fails to ensure the necessary amount of money on his/her account or fails to pay the operator's invoice, the operator shall give on the same day a written notice on the participant's default on obligations under the concluded agreements. The notice shall specify the amount of money required to make mutual settlements;

12) on the day the participant replenishes his/her account/pays the bill issued by the operator (where the account is replenished after 3 (three) business days from the date of failure to provide the necessary amount of money on the account/pay the operator's invoice), the operator shall assess the penalty, in accordance with the terms of agreements with the participant, for failure to timely provide the necessary amount/pay the operator's invoice to make mutual settlements and shall send the penalty calculation by letter to the participant. In this case, the mutual settlement in foreign currency shall be made on the day following the day of sending the files to the participant;

13) in case the participant fails to provide the necessary sum for writing off debts on transactions or fails to pay the bill issued by the operator within 1 (one) business day, the operator shall withdraw funds from the security account of the participant according to the agreements made with the participant;

14) after the withdrawal from the participant's security account, the operator shall give a notice of withdrawal to the participant on the same day and notify the participant in writing of the need to replenish the security account;

15) if the participant fails to replenish the security within the period established by the contracts, the operator shall:

send on the next business day a letter to the participant signed by an authorized person of the operator regarding the failure to perform the agreements and penalty accrued on the necessary amount of security replenishment, and notify of suspending the authorizations;

on the tenth calendar day from the date of failure to provide the necessary amount to replenish the participant's security and / or to make mutual settlements on transactions, the operator shall notify the processing organization of the suspending;

card personalization and generation of PIN-Envelopes if such services are provided to the Participant;

transaction routing to the international payment system if sponsor support is provided to the participant in the international payment system;

authorizations in the network of the operator and participants via JSC Halyk Bank system;

authorization of transactions through the operator's software performed in the acquiring network of the participant;

on the 15th (fifteenth) calendar day from the date of the participant's written notice of the need to replenish the participant's security and/or to make mutual settlements on transactions, initiate the termination of the concluded agreements with the participant;

16) when the participant replenishes the security after the deadline established by the agreements, the operator shall calculate penalties to be charged for the actual number of days of failure under the agreements and send a notice in writing to the participant about the need to pay penalties, while the operator reserves the right not to charge penalties;

17) if the operator receives any acts of temporary restriction on disposal of properties, resolutions and/or orders of authorized bodies and/or officials on suspension of debit operations on a bank account, and acts on seizure of cash on the participant's bank accounts held with second-tier banks, in accordance with by the effective legislation of the Republic of Kazakhstan, the operator shall communicate this information to the participant by e-mail on the same day;

18) if, upon expiry of 1 (one) business day from the receipt of the information, the acts of temporary restriction on disposal of properties, resolutions and/or orders of authorized bodies and/or officials on suspension of debit operations on a bank account, and outstanding acts on seizure of cash on the participant's bank accounts are not cancelled, during the next 2 (two) business days the operator shall:

notify the participant on a possible suspension of the service delivery;

initiate suspension of the service delivery to the participant until the seizure is withdrawn;

19) in the case of a positive decision on this issue by an authorized person of the operator, the operator shall send a notice of service suspension to the participant;

20) if the participant's operations have been suspended earlier, after the operator receives a duly executed document on withdrawal of seizure imposed on the participant's accounts held with second-tier banks, in accordance with the legislation of the Republic of Kazakhstan, the operator shall on the same day initiate the resumption of services and notify the participant thereof.

33. Monthly settlements for processing services.

Based on the arithmetic average of reports on services rendered to the participant over the last three (3) months, the operator shall, on the last business day of the reporting month:

1) debit fixed rate commissions, based on cash method, by direct debiting from the participant's correspondent account opened with the operator to the operator's revenue accounts, or by issuing an invoice to the participant who does not have an account with the operator;

2) for commission fees (both subject to VAT and VAT-free), the amount of which is calculated depending on the amount of services rendered, charge commission fees according to the income accrual method by debiting money from the accrued claims account to the revenue accounts of the operator;

3) issue an invoice electronically through the Electronic Invoice Information System of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan for the current reporting month for services rendered, subject to VAT, according to the system tariffs or the tariffs specified in the agreement of the participant.

By the 15th day of the month following the reporting month, based on the final report on services rendered, the operator shall calculate the commission fee amounts of the Bank and, if necessary, make an additional charge or reverse the excessively charged commission fee for services rendered to the participant during the past reporting month. The operator shall deduct the amount of commission due to the operator

in tenge to the account of accrued commission claims by direct debiting of the participant's correspondent account or issue an invoice to the participant who has no account with the operator. The operator shall generate a detailed calculation for the services rendered and, in case of any changes in the amount of services rendered, generate an additional electronic invoice for processing services subject to VAT. For participants (non-residents), according to the terms of agreements, the operator shall issue an electronic invoice for services not subject to VAT - for card personalization and generation of PIN-Envelopes, with a note «excluding VAT».

The operator shall generate invoices by participant, via specifically designed access to the portals of international payment systems. Such invoices serve as a basis for charging amounts withdrawn from the operator by international payment systems for participants' expenditures. Based on the generated invoices, the operator shall prepare a summary of the amounts debited from the operator by international payment systems in US dollars for the previous month and, based on this summary, withdraw amounts debited from the operator for the participant by direct debiting of the participant's account or issue a payment invoice to the participant who has no account with the operator.

Chapter 9. Dispute resolution

34. The operator, within the standards, rules and recommendations of international payment systems, and based on its own experience, shall establish mandatory requirements or give recommendations to be sent to the participant for the following situations:

- 1) settlement of disputable situations arising on transactions of the participant's cardholders in the acquiring network of other banks;
- 2) settlement of disputable situations arising on transactions of cardholders of other banks in the participant's acquiring network.

35. Settlement of disputable situations referred to in clause 34 of the Rules shall be carried out by the participants independently, guided by the rules of international payment systems.

36. A participant who fails to act independently to settle disputable situations shall give a notification to the operator specifying necessary measures for settlement. At the same time, the operator shall be entitled to refuse acting upon the participant's notifications if the participant is able to perform such actions independently.

37. The following mandatory information shall be included in the participant's written notice: card number (when sent by unsecured methods of transmission, in a shortened form), cardholder's name (for cardholder transactions), transaction date, merchant details, transaction amount and currency, acquirer's identification number, and the measures which the operator has to take to settle the dispute - retrieval request code/response code (RETRIEVAL REQUESTS REASON CODE), the message text (MMT/MEMBER MESSAGE TEXT), the financial claim/counterclaim code (CHARGEBACK REASON CODE/REPRESENTMENT REASON CODE), fraud type code (FRAUD TYPE REASON CODE). Thus the specified measures should correspond to the rules of the international payment systems depending on type and a stage of settlement of the dispute situation.

38. In case that, in accordance with the rules of international payment systems, a dispute is only possible provided that there is a copy of the participant's cardholder application, the participant shall send a copy of the participant's cardholder application verified by the participant to the operator. At the same time, such application for foreign transactions shall be executed in English.

39. The operator shall settle disputable situations, manage risks when issuing and servicing cards of the participant jointly with the responsible employees of the participant, determined by the authorized person of the participant.

40. Any expenses incurred by the operator through the fault of the participant - both issuer and acquirer (for disputes arising in the acquiring network of the participant where the operator acts as an acquirer to the international payment system for the participant), including penalties, shall be charged to the participant as part of the daily interbank settlements.

41. Cancellation of payment/transfer instruction (chargeback settlement):

1) a financial transaction executed by the participant may be invalidated, i.e. the issuer may refuse reimbursement or chargeback to the acquirer in accordance with the rules of international payment systems;

2) a chargeback (dispute) life cycle includes the first presentation and, if necessary, representment, arbitration chargeback and arbitration;

3) the time frame for settling amounts of the presentment can be up to 180 (one hundred and eighty) calendar days;

4) the issuer may not chargeback the transaction amount in excess of the amount provided by the acquirer, but the issuer may chargeback an amount less than the full amount of the transaction;

5) if the chargeback is denominated in the settlement currency USD/EUR, the chargeback can be bigger than the presentment transaction of the acquirer;

6) the chargeback can be challenged in cases where such challenge is stipulated by the rules of payment systems and/or the relevant conditions are met. The term of representment of the transaction is regulated by the rules of international payment systems;

7) control and monitoring of chargeback/disputable operations are carried out in accordance with the requirements and standards of the rules of international payment systems by the dispute resolution unit of the operator/participant;

8) in the case of a double chargeback, erroneous chargeback, the operator/participant shall make reversal for an amount of the incorrect chargeback within the next business day after the fact of incorrect chargeback is revealed.

42. The reversal/adjustment procedure is carried out after the financial transaction is generated. Its carrying out implies a full/partial refund to the account from which the payment transaction was made. The cardholder receives the refund after the file exchange between the acquirer and the issuer.

Chapter 10. Confidentiality

43. Confidential information shall include restricted information, including the participants'/operator's trade secrets, insider information, and any other information belonging to the participants/operator, regardless of the form it is provided, that is transmitted by the disclosing party to the receiving party. Any reports, analyses or briefs based on or containing confidential information are also confidential and shall be deemed to be confidential information.

44. To ensure confidentiality, integrity and availability of information within the operation in the system, the operator and participants shall be obliged to use secure communication channels enabling in the course of information exchange between them to transfer documents in a protected (encrypted) form, signed using electronic signature of the party, which formed the document.

45. The receiving party shall not be entitled to disclose without a written consent (permission) of the disclosing party or otherwise disclose confidential information to third parties, except as provided by the legislation of the Republic of Kazakhstan and the Rules.

46. The operator and participants shall undertake to keep confidential the information used and received in the course of operations in the system and shall be entitled, without prior written consent of the disclosing party, at their own discretion and subject to reasonable necessity, without prior written consent of the disclosing party, to transfer it to their employees who require such information for operation in the system and who are admitted to work with the same.

47. The receiving party shall be responsible for actions (omission to act) of its employees and other persons who have gained access to confidential information.

48. The receiving party shall be responsible for any disclosure of confidential information, and any unauthorized use of confidential information that occurred through the fault of the receiving party.

49. The receiving party shall reimburse the disclosing party for any losses resulting from the disclosure or unauthorized use of the confidential information that occurred through the fault of the receiving party.

50. The operator and participants consent and agree that the operator's information processing and storage activities do not violate their rights with regard to such information and confidentiality requirements.

51. The participants shall undertake not to disclose to third parties information about availability and/or content of software, technical and other solutions intended for operation in the system without prior written consent of the operator.

52. In case of the participant's withdrawal from the system for any reason, the non-disclosure obligations shall remain valid for 5 (five) years from the date of his/her withdrawal.

Chapter 11. Rights and obligations of the operator and participants

53. The operator shall be obliged to:

- 1) define the Rules, organize and monitor compliance by the participants;
- 2) ensure continuous service delivery to participants, and inform participants about any cases of and reasons for suspension or termination of service delivery on the day of such suspension;
- 3) ensure the possibility of pre-trial settlement of disputes with the participants;
- 4) ensure protection of banking secrecy, information about data security measures and methods, personal data and other information subject to mandatory protection, in accordance with the legislation of the Republic of Kazakhstan and international standards;
- 5) publish the Rules and basic tariffs of the system on the operator's official web site (www.halykbank.kz);
- 6) provide performance of other duties stipulated by the Rules, the concluded agreements, the legislation of the Republic of Kazakhstan;
- 7) provide the exchange of electronic messages between the participants;
- 8) provide mutual settlements between the operator and participants, determine clearing positions (on a net basis), generate net positions comprising amounts of participants' clearing positions and other information;
- 9) generate and send reports to participants, which forms, composition and submission procedure are determined by the agreements with participants.

54. The operator shall be entitled to:

- 1) amend the Rules;
- 2) change the terms and conditions of the system operation;
- 3) request information about the participants' operations and demand it to be provided in due time;
- 4) control compliance by the participants with the Rules;
- 5) suspend or terminate unilaterally service delivery to the participants;
- 6) transmit information on any money transfer carried out in the system within the Republic of Kazakhstan, to the territory of a foreign state, or provide access to such information from the territory of a foreign state, unless otherwise provided for by the legislation of the Republic of Kazakhstan;
- 7) define the procedure and terms for opening and maintaining accounts of participants and security account in accordance with agreements signed with participants and these Rules.
- 8) exercise other rights provided by the Rules, concluded agreements, and the legislation of the Republic of Kazakhstan.

55. The operator shall not be liable for losses of the participant if such losses have resulted from:

- 1) participant's untimely control over uploading/unloading of interchange files;
- 2) improper accounting of transactions by the participant, including reimbursements to be paid;
- 3) failure to comply with the rules of international payment systems;
- 4) other reasons where losses were caused by the participant's acts/omission to act.

56. The participant shall be obliged to:

- 1) operate in accordance with the Rules and agreements concluded with the operator;
- 2) ensure safe connection to the system;
- 3) ensure that the requirements of the Rules, agreements and legislation of the Republic of Kazakhstan are fulfilled;
- 4) pay for services rendered to the participant within the system in accordance with the procedure determined by the system tariffs or tariffs specified in the agreement with the participant;
- 5) enter into an agreement with the operator provided the operator has the relevant resolution of the operator's authorized body;
- 6) authorize the operator to debit, without additional order of the participant, amounts due to the operator or another participant, based on the net position upon the results of mutual settlements, from all the participant's accounts opened with the operator;

7) exercise daily control over the amounts of mutual settlements with the operator on card transactions. Notify the operator in writing if there are discrepancies on reimbursement within 3 (three) business days from the date of settlement. In case of untimely notification of the operator, no claim issued shall be subject to review or reimbursement;

8) ensure that there are funds on the accounts opened with the operator in the amount sufficient for subsequent settlement of transactions, for payment of commission fees to the operator, in accordance with the Rules and basic tariffs or the tariffs specified in the agreement with the participant;

9) ensure that the security deposit/pledge is placed on the security account in such amount and at such date as specified by the operator in the agreements concluded with the participant, subject to the resolution of the operator's authorized body on the security deposit of the participant;

10) ensure that information is protected during card transactions, in accordance with the requirements of the Rules, the legislation of the Republic of Kazakhstan, and the PCI DSS international security standards;

11) provide service of the participants' cards in its network of devices under the conditions established by the Rules and system tariffs;

12) be liable to the operator and other participants for any obligations arising from transactions carried out with the card and in the network of devices;

13) provide assistance to the operator in the investigation into disputable situations;

14) submit reports to the operator, in accordance with the Rules and agreements concluded with the operator;

15) timely inform the operator of any changes in its legal organizational form, reorganization, location and postal address, any changes of its bank details, BIN(s), and any other changes that may have a significant effect on the fulfillment by the participant of its obligations pursuant to the Regulations, including bankruptcy cases, loss of authorization (license) for professional activities etc.;

16) provide the operator with hardcopies certified by the signature of the participant's chief executive / designated substitute thereof (with submission of the original credentials/ duly certified copy thereof), and stamped (if any) by the participant:

copy of a license within 15 (fifteen) business days from the date of issue of a new license;

copy of any amendments to the charter or the amended charter, state registration (re-registration) certificates within 15 (fifteen) business days from the date of such amendments;

copies of documents to certify the election of a new chief executive of the participant, extending the term of office of a person appointed as the participant's chief executive, within 15 (fifteen) days from the date of the relevant resolution adopted by the authorized body;

other documents stipulated by the Rules and the legislation of the Republic of Kazakhstan;

17) provide financial statements on a regular basis, upon the operator's request;

18) upon the operator's request, provide documents and information on performed or ongoing transactions in order to check compliance of transactions conducted by the participant with the legislation of the Republic of Kazakhstan;

19) ensure fulfillment of other responsibilities established by the Rules and concluded agreements, the legislation of the Republic of Kazakhstan.

57. The participant shall be entitled to:

1) obtain acquiring services in the network of devices of the operator, other participants and its partners on the card issued by the participant under the conditions established by the Rules and system tariffs;

2) send applications to the operator to change the form of participation in the system, according to the procedure stipulated by the Rules;

3) exercise other rights provided by the Rules, concluded agreements, and the legislation of the Republic of Kazakhstan.

Chapter 12. Monitoring of the participant's financial position

58. Provided that the participant has a security, the operator reviews the amount thereof on a quarterly basis, except for the security calculated based on the authorization limit. The participant's security

shall be revised upward/downward if its estimated amount changes by = or -10 (minus ten)/= or +20 (plus twenty) and more percent of the percentage approved by the authorized body of the Bank.

59. In order to determine the security amount, the operator shall generate a quarterly report using the operator's software on transactions turnover of the participant for the previous quarter. The amount of security shall be calculated as a percentage approved by the authorized body of the operator based on the average monthly amount of netting.

60. The operator shall notify the participant (if necessary) in writing of the need to replenish the security deposit/pledge and provide the date of money transfer to replenish the security deposit/pledge in accordance with the agreements.

61. Upon receipt from the participant of a necessary amount to replenish the security deposit/pledge or details for refund of the amount of the security deposit/pledge, the operator shall refund or replenish a part of the security deposit/pledge in accordance with the internal procedures of the operator.

62. Upon crediting to/debiting from the security deposit/pledge of the participant, the operator shall the same day send the participant a confirmation of the cash movement on the security deposit/pledge via the SWIFT Alliance system.

63. The operator shall conduct monitoring of the participant's financial position 2 (two) times a year: in May of the current year - for the past year;

in November of the current year - for the first half of the current year.

64. Monitoring of the participant's financial position shall be carried out based on the last annual and semi-annual audited and other reports. Where necessary, the operator may request additional information from the participant.

65. The operator shall conduct a comprehensive financial analysis of the participant regardless of whether the participant has a security deposit/pledge or not.

66. Based on the financial monitoring, the operator shall take a decision on assigning a category, continuation of services by the operator without the participant's security deposit/pledge, feasibility/possibility of the operator to provide services, etc.

Chapter 13. Compliance with information security requirements

67. In order to ensure information security of the system, the operator shall determine by means of these Rules:

- 1) requirements for technical measures of protection of the participant's information;
- 2) procedures and terms of information exchange with the limitation of responsible/authorized persons of the operator and participants;
- 3) forms and formats of messages and reports;
- 4) the principle of data communication via secure communication channels;
- 5) procedures for bringing the operator's infrastructure in line with and regular check of compliance with the PCI DSS standard;
- 6) other system protection measures provided by the legislation of the Republic of Kazakhstan and the internal regulatory documents of the operator.

68. If services for maintaining a participant's card database in the operator's software are provided, the procedure of authorization in the operator's information system shall be regulated by the internal regulatory documents of the operator.

Chapter 14. Measures for violation of the Rules

69. If the participant violates the Rules, the operator shall be entitled to suspend or terminate services in accordance with the terms of these Rules and agreements concluded with the participant.

Chapter 15. Procedure for insolvency settlement of of payment system participants

70. The operator shall settle the insolvency of a system participant in accordance with the terms of these Rules and agreements signed with the participants.

71. The settlement procedure is carried out within the framework of daily interbank settlements.

Chapter 16. Risk management procedures

72. In accordance with the Rules, the operator shall establish risk management procedures, which include:

- 1) opening bank accounts by the participant with the operator to make settlements for transactions carried out in the system;
- 2) conducting settlements between the operator and the participants on a daily basis;
- 3) the right of the operator to set limits for transactions in the system;
- 4) opening of security accounts (provided there is a resolution of the operator's authorized body);
- 5) semi-annual monitoring of the participant's financial position;
- 6) quarterly recalculation of the security amount according to the volume of transactions performed in the system
- 7) defining the criteria for calculation of the security amount
- 8) defining the terms and conditions for suspension or termination of services provided to the participant in the system;
- 9) accrual and collection of forfeits/penalties for delayed settlements and replenishment of security;
- 10) determination of the settlement deadlines and procedure for collecting the participant's debt on settlements;
- 11) other procedures specified herein.

Chapter 17. Final provisions

73. Any matters related to the terms and conditions of service delivery not covered herein shall be regulated by other internal documents of the operator, agreements, and the legislation of the Republic of Kazakhstan.

74. Servicing of the participants connected to the system as a result of JSC Kazkommertsbank reorganization by the merger with JSC Halyk Bank shall be carried out based on the effective agreement to be adopted based on the law of succession.