

Decree of the President of the Republic of Kazakhstan  
No. 1271, December 31, 2003  
On Approving the Statute and Structure  
of the Republic of Kazakhstan National Bank

Pursuant to Article 17-1 of the Republic of Kazakhstan Constitutional Law "On the President of the Republic of Kazakhstan," I hereby RESOLVE:

1. To approve the appended:
  - 1) Statute on the Republic of Kazakhstan National Bank;
  - 2) Structure of the Republic of Kazakhstan National Bank.
2. To set the size of the staff of the Republic of Kazakhstan National Bank at 3,640 units;
3. To recognized as having lost force certain decrees of the Republic of Kazakhstan president per the appended list.
4. That this decree shall come into force on January 1, 2004.

N. Nazarbayev, President  
Republic of Kazakhstan

Approved  
by Decree No. 1271, December 31, 2003  
of the President of the Republic of Kazakhstan

STATUTE  
On the Republic of Kazakhstan National Bank

1. General Provisions

1. The Republic of Kazakhstan National Bank (henceforth the Kazakhstan National Bank) shall be the central bank of the Republic of Kazakhstan, it shall represent the top (first) tier of the Republic of Kazakhstan's banking system, it shall be answerable to the Republic of Kazakhstan president within limits established by the Republic of Kazakhstan Law "On the National Bank of the Republic of Kazakhstan," and its operations shall be guided by the Constitution, the Republic of Kazakhstan laws "On the National Bank of the Republic of Kazakhstan" and "On Banks and Banking in the Republic of Kazakhstan," other regulations and legislative acts of the Republic of Kazakhstan, acts of the Republic of Kazakhstan president, international treaties concluded by the Republic of Kazakhstan, and this Statute.

2. The Kazakhstan National Bank shall be a legal entity with the legal organizational form of a state institution, it shall possess an independent balance sheet, and together with its branches, representative offices, and organizations it shall constitute a unified centralized structure with a vertical hierarchy.

In accordance with legislative acts of the Republic of Kazakhstan, the Kazakhstan National Bank may open its branches and representative offices in the Republic of Kazakhstan and beyond its borders in keeping with laws of their host countries.

3. That the Kazakhstan National Bank shall coordinate its operations with the Republic of Kazakhstan government, and it shall consult regularly therewith.

Following the Strategy for Development of Kazakhstan to 2030, the Kazakhstan National Bank shall take into consideration the economic policy of the Republic of Kazakhstan government and assist in its implementation, when so doing is not inconsistent with its main functions and with implementation of monetary and foreign exchange policy.

The government of the Republic of Kazakhstan shall not be liable for obligations of the Kazakhstan National Bank, nor shall the Kazakhstan National Bank be liable for obligations of the Republic of Kazakhstan government, except when it assumes such liability.

Bodies of state government of the Republic of Kazakhstan shall not have the right to interfere in operations of the Kazakhstan National Bank or of its branches, representative offices, and organizations carried out in the exercise of the powers thereof secured by law.

4. Based on laws of the Republic of Kazakhstan and in execution thereof, the Kazakhstan National Bank shall issue regulations in respect to issues placed under its authority, which shall be binding upon all banks and organizations carrying out certain banking operations, and their customers and other legal entities and individuals on Republic of Kazakhstan territory.

Regulations of the Kazakhstan National Bank shall be published in its official publications *Kazakstan Ultyk bankinin Khabarshysy* and *Vestnik Natsionalnogo Banka Kazakhstana* in the state language and in Russian.

5. The National Bank of Kazakhstan shall possess a seal bearing an image of the State Emblem of the Republic of Kazakhstan and its name, and it shall possess its own emblem.

Branches, representative offices, and organizations of the Kazakhstan National Bank shall possess their own seals.

The Head Office of the Kazakhstan National Bank shall be located at: 480090, Almaty, "Koktem-3" Microdistrict, No. 21. Some of the subdivisions of the Head Office shall be accommodated in the building of the Central Branch of the Republic of Kazakhstan National Bank at: 473000, Astana, Beybitshilik Street, No. 21.

## **2. Main Goal, Tasks, Functions, Powers, and Rights of the Republic of Kazakhstan National Bank**

6. The main goal of the Kazakhstan National Bank shall to provide for price stability in the Republic of Kazakhstan.

The Kazakhstan National Bank shall have the tasks hereunder:

- 1) developing and implementing the state's monetary policy;
- 2) supporting functional operation of payment systems;
- 3) carrying out foreign exchange regulation and foreign exchange control;
- 4) assisting in the maintenance of the financial system's stability.

7. In keeping with its tasks, the Kazakhstan National Bank shall perform the following main functions:

- 1) implementing state monetary policy in the Republic of Kazakhstan;
- 2) issuing banknotes and coins in the Republic of Kazakhstan;

- 3) performing the functions of the bank of banks;
- 4) performing the functions of bank, financial adviser, and agent of the Republic of Kazakhstan government, and other services for the government and for other state bodies by agreement therewith;
- 5) organizing functional operation of payment systems;
- 6) carrying out foreign exchange regulation and foreign exchange control in the Republic of Kazakhstan;
- 7) managing the gold and foreign exchange assets of the Kazakhstan National Bank;
- 8) controlling and supervising operations of financial organizations, and regulating their operations in respect to matters under the authority of the Kazakhstan National Bank.

8. For the purposes of implementing state monetary policy, the Kazakhstan National Bank shall:

- 1) set the official refinancing rate depending on the overall condition of the money market, the supply of and demand for loans, the inflation rate, and anticipated inflation;
- 2) set rates of remuneration for the main operations of monetary policy with the goal of influencing market rates of remuneration on the financial market within the framework of its monetary policy;
- 3) set the standard on minimum required reserves (the reserve requirements);
- 4) in extraordinary cases, when it is impossible to curb inflationary processes by the indirect methods of monetary regulation, the Kazakhstan National Bank shall have the right to impose explicit quantitative restrictions on the level and volumes of certain operations by setting lending limits, freezing loan interest rates, setting the maximum rates of certain operations and transactions, and explicitly regulating specific types of credit for the purposes of encouraging or discouraging development of particular industries;
- 5) regulate the total volume of borrowings by banks from the Kazakhstan National Bank consistently with the adopted benchmarks of monetary policy, and specify the procedure and the conditions for the attraction and repayment of loans by banks and the limits on loans granted thereto;
- 6) accept deposits and specify the procedure and conditions for granting and repaying deposits, their kinds and terms, and the limits on their attraction by the National Bank;
- 7) perform interventions on the exchange market within the framework of its monetary policy;
- 8) issue its own securities -- short-term notes of the Kazakhstan National Bank, which shall be government securities, and specify the procedure and conditions of issuance, placement, circulation, and redemption of short-term notes;
- 9) buy and sell government and other securities within the framework of its monetary policy;
- 10) rediscount commercial bills in accordance with the official refinancing rate, and establish the procedure for rediscounting commercial bills and the conditions of acceptance of commercial bills for rediscounting by the Kazakhstan National Bank.

9. For the purposes of performing its functions of issuer of banknotes and coins in the Republic of Kazakhstan, the Kazakhstan National Bank shall:

1) specify the structure of the denominations and the design of banknotes and coins on the basis of the Conceptual Framework approved by the Republic of Kazakhstan president, and the needed quantity of banknotes and coins, and provide for their manufacture;

2) possess the exclusive right to issue cash, organize its circulation, and remove it from circulation through the sale of banknotes and coins to banks in trade for the noncash equivalent;

3) establish the procedure for determining the negotiability of banknotes and coins, for exchanging used banknotes and coins, for removing them from circulation, and for storing and destroying them;

4) establish the rules of accounting for, storing, shipping, and collecting banknotes and coins, participate in support to the shipment, storage, and collection of banknotes and coins, and create state reserve funds of banknotes and coins.

10. For the purposes of performing its functions of the bank of banks, the Kazakhstan National Bank shall:

1) organize the refinancing system in the Republic of Kazakhstan;

2) grant credits to the holders of bank accounts opened with the Kazakhstan National Bank for a term of not more than one year, which shall be secured by high-liquidity, risk-free securities and other assets except in cases stated in the Republic of Kazakhstan Law "On the National Bank of the Republic of Kazakhstan";

3) serve as the creditor of last resort for second-tier banks, in connection with which it shall have the right to grant credits thereto in domestic and foreign currencies, whether or not secured, by procedure and for a term established by the Supervisory Board of the Kazakhstan National Bank;

4) possess the right to collect money from a customer's bank account when it is found to have been credited in error, and the right to debit a customer's bank account when it has documents confirming the customer's consent to collection of money from the bank account without acceptance;

5) have the right to restructure the debts of banks and other organizations owed to the Kazakhstan National Bank under credits granted thereto, by procedure and on conditions specified by the Supervisory Board of the Kazakhstan National Bank.

11. For the purposes of performing the functions of the bank, financial adviser, and agent of the Republic of Kazakhstan government, and other services for the government and other state bodies by agreement therewith, the Kazakhstan National Bank shall:

1) place resources of the Republic of Kazakhstan government, make payments and carry out other operations with accounts of the government, and provide other services thereto.

Direct funding of the Republic of Kazakhstan government by the Kazakhstan National Bank shall not be allowed;

2) service the unified treasury account, current foreign exchange accounts of the Republic of Kazakhstan Ministry of Finance, and the accounts of oblast (territorial) administrations of the Treasury of the Republic of Kazakhstan Ministry of Finance;

3) review proposals of the Republic of Kazakhstan Ministry of Economy and Budget Planning on developing and implementing policy on state borrowing, and on shaping budget policy in respect to matters connected with the state's monetary policy;

4) take part in the servicing of the public debt of the Republic of Kazakhstan government in coordination therewith, and service the public debt of the Kazakhstan National Bank;

5) carry out operations with government securities issued by decision of the Republic of Kazakhstan government.

The Kazakhstan National Bank shall not have the right to acquire ownership of government securities of the Republic of Kazakhstan Ministry of Finance at the time of their placement on the primary market;

6) approve the monthly volumes for the issuance of government securities and repayment of the government's public debt, with consideration for the influence thereof on the banking system's liquidity and the priorities of monetary policy, and for the conditions of access of financial organizations to primary placements of government securities issued by decision of the government;

7) regulate circulation of government securities of the Republic of Kazakhstan government and of local executive bodies in coordination with the Republic of Kazakhstan Ministry of Finance;

8) defend the rights and interests of the state body for the regulation and supervision of the financial market and financial organizations, in court and in other organizations, by power of attorney in accordance with current legislation of the Republic of Kazakhstan;

9) get credits to borrowers;

10) render other services.

12. For the purposes of performing the functions of organizing the functional operation of payment systems, the Kazakhstan National Bank shall:

1) organize, coordinate, regulate, and supervise the functional operation of payment systems;

2) establish the means of making payments and money transfers, the rules and particulars of employing the means of making payments and (or) money transfers, and the basic requirements on the content of payment instructions;

3) establish the procedure and conditions for making cash payments;

4) establish the minimum requirements on steps taken by banks and organizations carrying out certain banking operations to ensure the reliability and security of automated systems used thereby, and to protect banking information;

5) possess the right, within the limits of its authority, to participate in the organization of international (interstate) payment systems;

6) establish the kinds and legal régime of bank accounts, and the procedure and conditions of opening, using (managing) and closing accounts;

7) establish the rules of providing electronic banking services in the performance of banking operations;

8) adopt regulations aimed at maintaining the operating efficiency and reliability of payment systems in the Republic of Kazakhstan.

13. For the purposes of foreign exchange regulation and control, the Kazakhstan National Bank shall:

1) specify the sphere within which foreign exchange and securities denominated in foreign exchange shall circulate in the Republic of Kazakhstan and the procedure of circulation thereof, and impose the necessary restrictions on foreign exchange operations, including on the volumes of such operations and the rates of remuneration (interest), the currency of payment in export operations of residents, and the form of settlements in particular export-import transactions;

2) establish the rules of operations with foreign exchange and securities denominated in foreign exchange by residents and nonresidents in the Republic of Kazakhstan;

3) adopt regulations addressing issues concerning foreign exchange operations in the Republic of Kazakhstan, the licensing and registration of certain operations connected with the use of foreign exchange valuables, and the procedure of export-import foreign exchange control and of the opening of accounts for Republic of Kazakhstan residents in foreign banks;

4) approve regulations on matters concerned with foreign exchange regulation written by other bodies of foreign exchange regulation;

5) establish the procedure for the entry and exit of foreign exchange valuables into and from the Republic of Kazakhstan, and the transmittal thereof to and from the Republic of Kazakhstan. Establish, for residents, the procedure for the obligatory conversion of foreign exchange and securities denominated in foreign exchange in the Republic of Kazakhstan;

6) establish the rules of registration of foreign exchange operations provided for by foreign exchange legislation of the Republic of Kazakhstan, and issue registration certificates for the conduct thereof.

Establish the rules of issuance of licenses for the conduct of operations connected with the use of foreign exchange valuables provided for by foreign exchange legislation of the Republic of Kazakhstan, and issue, suspend, and revoke such licenses;

7) set the official exchange rate for the domestic currency of the Republic of Kazakhstan against foreign currencies in accordance with a list determined by the Supervisory Board of the Kazakhstan National Bank;

8) set up and carry out operations with gold and foreign exchange assets;

9) establish, in coordination with the Republic of Kazakhstan Ministry of Finance and the authorized state statistical body, the procedure and forms of accounting and reporting of foreign exchange operations binding upon all legal entities and individuals in the Republic of Kazakhstan, as well as upon nonresidents doing business in the Republic of Kazakhstan;

10) maintain and publish a register of authorized banks;

11) have the right to invoke sanctions prescribed by banking and foreign exchange regulations of the Republic of Kazakhstan in cases of discovery of violations of banking and foreign exchange legislation of the Republic of Kazakhstan committed by banks and other persons;

12) organize international settlements and improve foreign exchange, financial, credit, and settlement relations with foreign countries;

13) attract foreign exchange from foreign and international organizations in accordance with executed state agreements;

14) issue permits for the exit of foreign exchange valuables, with the exception of precious metals, and keep records on bank credits obtained from nonresidents of the Republic of Kazakhstan;

15) submit proposals on attracting additional credits from nonresidents of the Republic of Kazakhstan;

16) introduce and lift the requirement on the surrender of foreign exchange proceeds from exports of goods (work, services);

17) establish the procedure for filing reports concerned with foreign exchange regulation and control, the formats thereof, and the filing dates;

18) perform other functions in the area of foreign exchange regulation and foreign exchange control prescribed by Republic of Kazakhstan legislation.

14. The Kazakhstan National Bank shall carry out the operations hereunder with foreign exchange valuables and precious metals:

1) buy and sell foreign exchange;

2) buy, sell, and carry out operations with securities issued and guaranteed by the Republic of Kazakhstan government in foreign exchange, by the governments of foreign states, or by international financial organizations, including in the form of loans against securities, in cases provided for by a decision of the Supervisory Board of the Kazakhstan National Bank;

3) open accounts with banks, with foreign central banks and banks, with financial institutions possessing the associated right under the legislation of the states of their registration, and with international financial organizations;

4) open and maintain accounts for foreign central banks, for banks and other financial institutions possessing the associated right under the legislation of the states of their registration, for foreign governments and their agents, and for international organizations, and act as representative or correspondent thereof;

5) accept and store refined gold, precious metals, precious stones, and articles thereof;

6) carry out the operations of buying and selling refined gold and other precious metals in the Republic of Kazakhstan and on the foreign market;

7) provide for entry of foreign exchange valuables and precious metals into the Republic of Kazakhstan by procedure established by current legislation of the Republic of Kazakhstan, and for their exit abroad for placement in its accounts with foreign banks and specialized financial organizations;

8) buy, sell, or carry out operations with securities issued by persons having a credit rating of a minimum level specified by the Supervisory Board of the Kazakhstan National Bank;

9) carry out operations with money market instruments such as interbank deposits, repos and reverse repos, deposit certificates, commercial paper, and other debt instruments issued by persons having a credit rating of a minimum level specified by the Supervisory Board of the Kazakhstan National Bank;

10) carry out operations with derivative financial instruments such as forward, swap, and option transactions with counter-partners having credit ratings not below those specified by the Supervisory Board of the Kazakhstan National Bank;

11) carry out other operations by decision of the Supervisory Board of the Kazakhstan National Bank.

15. For the purposes of managing gold and foreign exchange assets, the Kazakhstan National Bank shall:

1) buy refined gold from Kazakhstani and other producers (sellers) of this metal in accordance with Republic of Kazakhstan legislation regulating relations associated with precious metals and precious stones;

2) buy foreign exchange for Kazakhstani tenge (including commemorative and souvenir coins) and for foreign exchange from residents and nonresidents of the Republic of Kazakhstan, and from the government of the Republic of Kazakhstan;

3) place deposits (contributions), carry out dealing operations with foreign exchange and operations with securities denominated in foreign exchange, and grant foreign exchange credits;

4) sell and deposit refined gold, silver, platinum, and other metals of the platinum group, and carry out other operations therewith;

5) obtain credits from international financial organizations, the central banks of foreign states, and other creditors;

6) render consultative, information-and-publishing, and other services, for which payment shall be made in foreign exchange;

7) buy and sell currency on the internal exchange market for the purposes of carrying out monetary policy and exchange rate policy, including for the purposes of smoothing supply and demand fluctuations on the internal exchange market;

8) convert tenge into foreign currency to pay for imports of products (work, services), including for the maintenance of diplomatic and other missions abroad, and business trip expenses, and to service external public debt of the Kazakhstan National Bank out of budget resources and the budget (expenditure budget) of the Kazakhstan National Bank;

9) sell foreign exchange for the purpose of acquiring other foreign exchange;

10) pay principal and remuneration (interest) on obtained credits, and pay commissions and other associated expenses;

11) write off unprofitable gold and foreign exchange assets against loss provisions (reserves).

16. For the purposes of licensing, controlling, and supervising operations of financial organizations, and regulating operations thereof in accordance with legislative acts of the Republic of Kazakhstan, the Kazakhstan National Bank shall:

1) specify the conditions and procedures for the issuance, to organizations engaging in certain kinds of banking operations, of licenses for the conduct of exchange operations with foreign currencies, for the conduct of operations concerned with collections, with transmittal of banknotes, coins, and valuables, with interbank clearing, and with issuance of payment cards, and for the conduct of vault storage operations, and issue such licenses;

2) issue, to the state body for the regulation and supervision of the financial market and financial organizations, an opinion on the possibility for issuance thereto of licenses for certain kinds of banking operations in cases prescribed by legislative acts of the Republic of Kazakhstan;

3) obtain from state bodies, organizations, and citizens information necessary for its control and supervisory functions in cases prescribed by legislative acts of the Republic of Kazakhstan;



4) cooperate with the central banks and supervisors of other states, and exercise the right to share information necessary for their control functions;

5) issue regulations, binding upon all banks and organizations engaging in certain kinds of banking operations, and upon their customers, governing banking business, record-keeping, systems for the automation of banking and other operations, payments and money transfers, foreign exchange operations, and other matters, within the limits of powers specified by legislative acts of the Republic of Kazakhstan, and supervise compliance therewith;

6) specify the procedure for the following kinds of banking operations: opening and maintaining the correspondent accounts of banks and organizations engaging in certain kinds of banking operations; opening and maintaining metal accounts for individuals and legal entities; cash operations; conversion operations; discounting operations; settlements by order of individuals and legal entities, including correspondent banks, through their bank accounts; interbank clearing; vault storage operations; pawning operations; issuance of payment cards; collection and transmittal of banknotes, coins, and valuables; organization of exchange operations with foreign currencies; issuance of checkbooks; opening (drawing) and confirmation of letters of credit and discharge of obligations thereunder;

7) establish the procedure for the issuance of powers of attorney for the conduct of operations with banks, and the format thereof;

8) develop and approve, in coordination with the authorized body for the regulation of the accounting and financial reporting system, accounting standards pertaining to matters not addressed by international financial reporting standards and not conflicting therewith, and procedural recommendations concerned with such standards;

9) establish, jointly with the state body for the regulation and supervision of the financial market and financial organizations and for the purposes of supporting its control and supervisory functions, the list of financial and other reports to be filed by financial organizations, and by their affiliated persons in cases prescribed by legislative acts of the Republic of Kazakhstan, the formats thereof in keeping with international standards, and the filing dates;

10) for the purposes of regulating payments and money transfers, it shall have the right to establish, with the approval of the Republic of Kazakhstan government, the order of priority of payments made through bank accounts by banks, organizations engaging in certain kinds of banking operations, and all economic agents, unless specified otherwise by legislative acts of the Republic of Kazakhstan;

11) set aside resources of banks for the purposes of regulating the volumes of credits granted by banks, lowering the risks of default by banks under their obligations, and protecting the interests of the depositors and shareholders of banks;

12) set quantitative restrictions on certain kinds of operations and transactions of banks.

17. In keeping with current legislation of the Republic of Kazakhstan, the Kazakhstan National Bank shall:

1) take part in the creation of organizations assisting the Kazakhstan National Bank in the performance of its functions and (or) constituting a part of the financial market's infrastructure, and in the operations thereof;

2) compile and regularly publish the consolidated balance sheet of banks of the Republic of Kazakhstan, and its own balance sheet;

3) form the country's reported balance of payments and take part in the development of short, medium, and long range forecast estimates of payment balance indicators, monitor agreements on nonstate external loans lacking state guarantees, and make an estimate of the country's gross external debt;

4) compile the state's monetary and financial statistics;

5) establish the list, formats, and the filing dates of statistical reports in coordination with the authorized state statistical body in matters falling within its authority;

6) take part in the training of personnel in the Republic of Kazakhstan for the system of banks and organizations engaging in certain kinds of banking operations;

7) possess the right to obtain, from state bodies, individuals, and legal entities, including from banks, associations (unions) thereof, and branches and representative offices of foreign companies doing business in the Republic of Kazakhstan, the information necessary for the performance of its functions;

8) maintain under fiduciary management the Republic of Kazakhstan National Fund on the basis of a fiduciary agreement executed between the Kazakhstan National Bank and the Republic of Kazakhstan government and published in official publications;

9) carry out fiduciary management of assets transferred thereto on the basis of fiduciary agreements executed between the Kazakhstan National Bank and the Republic of Kazakhstan government and published in official publications;

10) rediscount the bills of class one issuers that are of commercial origin and mature in not more than one year;

11) accept deposits, make payments and money transfers, and accept securities and other valuables for safekeeping and under its management;

12) open accounts with banks and financial organizations in the Republic of Kazakhstan and beyond its borders as necessary;

13) impose restrictions on the volume of external loans that may be attracted by banks in keeping with state policy on external debt management;

14) provide the necessary analytical materials, publications, and information to banks, legal entities, and individuals under agreed conditions, and render consultative and practical assistance in organizing banking business, and other services;

15) carry out banking operations and render other services for a charge, including the services of managing the Republic of Kazakhstan National Fund, other funds, and organizations.

A charge shall not be collected for banking and other services rendered to the government and the Ministry of Finance of the Republic of Kazakhstan;

16) buy and sell deposit certificates and debt securities that the Kazakhstan National Bank believes would suitably serve as security against credits;

17) carry out operations with derivative financial instruments;

18) make out checks and issue bills;

19) license activities connected with manufacturing stamped paper, and establish requirements on the level of protection afforded to bill paper manufactured in or entered into the Republic of Kazakhstan;

20) carry out other banking operations, as well as transactions in its name in keeping with its tasks, when doing so is not explicitly prohibited by the Republic of Kazakhstan Law "On the National Bank of the Republic of Kazakhstan";

21) examine cases of administrative violations when their examination falls within the authority of the Kazakhstan National Bank in accordance with legislative acts of the Republic of Kazakhstan;

22) take part in the training and advanced training of personnel for the system of the Kazakhstan National Bank;

23) carry out other functions and exercise other powers and rights pursuant to Republic of Kazakhstan legislation.

### 3. Capital and Reserves of the Kazakhstan National Bank

18. Capital and reserves of the Kazakhstan National Bank shall consist of authorized and reserve capital, revaluation accounts, special provisions (reserves), and general provisions (reserves).

19. The net income of the Kazakhstan National Bank for a financial year shall be determined as the difference between actual revenues and expenditures (less unrealized revenue charged to gold and foreign exchange asset revaluation accounts) attributed to the particular financial year.

Net income of the Kazakhstan National Bank, less the amount of general provisions (reserves) created against bank assets, shall be allocated as necessary to the formation of authorized and reserve capital, in an amount established by the Supervisory Board of the Kazakhstan National Bank.

Following approval of the annual report of the Kazakhstan National Bank by the Republic of Kazakhstan president, the balance of net revenues shall be transferred to the Republican budget for the next financial year.

In the event that profits are insufficient for the formation of authorized and reserve capital, the shortfall shall be compensated out of the net income received by the Kazakhstan National Bank in subsequent financial years.

20. Authorized capital of the Kazakhstan National Bank shall belong to the state, and it shall be formed in an amount of not less than 20 billion Kazakhstani tenge by deductions from net revenues received thereby.

The Kazakhstan National Bank shall independently exercise the rights of possession, use, and disposition of property on its balance sheet, by procedure specified by the Supervisory Board of the Kazakhstan National Bank.

Reserve capital shall be formed in the amount of authorized capital, it shall be replenished out of net revenues, and it shall be designated exclusively for the purpose of compensating and covering losses under its operations, by procedure established by the Supervisory Board of the Kazakhstan National Bank.

Special provisions (reserves) against problem and bad claims, including credits, deposits, securities, settlement losses, account balances, and other assets, among them the volumes of all unfinished construction, and other claims under nonmonetary operations of the Kazakhstan National Bank and social payments, shall be formed by expenditures of the Kazakhstan National Bank, while general provisions (reserves) against bank assets shall be formed out of retained net revenues.

The gold and foreign exchange asset revaluation account shall be designated for the maintenance of records on unrealized revenues from revaluation of such assets. The fixed capital revaluation account shall be designated for the maintenance of records on the results of indexing fixed capital of the Kazakhstan National Bank.

Gold and foreign exchange assets of the Kazakhstan National Bank shall be created and used to support the internal and external soundness of the Kazakhstani tenge, and they shall consist of:

- 1) refined gold;
- 2) foreign exchange valuables stored in the Republic of Kazakhstan;
- 3) promissory notes and bills of exchange denominated in foreign exchange;
- 4) securities issued and guaranteed by foreign governments or by international financial organizations;
- 5) other external assets denominated in foreign exchange, provided that these assets are kept liquid and secure.

Gold and foreign exchange assets of the Kazakhstan National Bank shall be used for purposes specified by regulations of the Kazakhstan National Bank on gold and foreign exchange assets approved by the Supervisory Board of the Kazakhstan National Bank, in accordance with the Republic of Kazakhstan Law "On the National Bank of the Republic of Kazakhstan" and this Statute.

The Kazakhstan National Bank shall specify the structure of gold and foreign exchange assets and the placement thereof.

#### **4. Structure and Bodies of the Kazakhstan National Bank. Procedure of Their Formation, and Their Authority**

21. The Kazakhstan National Bank shall be a unified centralized structure with a vertical hierarchy.

The Supervisory Board and the Board of Directors (Directorate) shall be bodies of the Kazakhstan National Bank.

The structure of the Kazakhstan National Bank shall include a Head Office consisting of departments and other subdivisions, and branches, representative offices, and organizations.

The Kazakhstan National Bank shall conduct audits and examinations of the operations of subdivisions of the Head Office, and of its branches, representative offices, and organizations.

22. The Supervisory Board shall be the supreme body of the Kazakhstan National Bank.

The Supervisory Board of the Kazakhstan National Bank shall be made up of five persons.

The Supervisory Board of the Kazakhstan National Bank shall be made up of the Chairman of the Kazakhstan National Bank and five officers of the Kazakhstan National Bank, one representative from the Republic of Kazakhstan president, and two representatives from the Republic of the Kazakhstan government.

Members of the Supervisory Board of the Kazakhstan National Bank from the Republic of Kazakhstan president, the Republic of Kazakhstan government, and the Kazakhstan National Bank shall be appointed and discharged respectively by the Republic of Kazakhstan president, the Republic of Kazakhstan government, and the Chairman of the Kazakhstan National Bank.

23. The Supervisory Board of the Kazakhstan National Bank shall have the authority to:

- 1) develop state monetary policy;
- 2) approve regulations of the Kazakhstan National Bank pertaining to certain issues of banking operations, accounting, payments and money transfers, circulation of bills, conduct of foreign exchange operations and supervision of their compliance, and other operations in cases provided for by legislative acts of the Republic of Kazakhstan and regulations of the Republic of Kazakhstan president;
- 3) specify the denominations and design of bank notes and coins on the basis of a Conceptual Framework approved by the Republic of Kazakhstan president;
- 4) set the official refinancing rate for operations of the Kazakhstan National Bank with banks;
- 5) adopt decisions concerned with the issuance of licenses to organizations engaging in certain kinds of banking operations for the conduct of certain kinds of banking operations as prescribed by a legislative act of the Republic of Kazakhstan, with suspension and revocation thereof, and with invocation of other sanctions provided by banking legislation of the Republic of Kazakhstan;
- 6) adopt decisions concerned with the issuance of licenses for the conduct of operations connected with manufacture of stamped paper, and with suspension and revocation thereof;
- 7) adopt regulations establishing the procedure for the issuance of powers of attorney for the performance of operations in banks, and the format thereof;
- 8) specify the basic principles of the management of gold and foreign exchange assets;
- 9) approve the procedure for determining the exchange rate of currency of the Republic of Kazakhstan;
- 10) review and adopt the annual report on the work of the Kazakhstan National Bank, and submit it to the Republic of Kazakhstan president for approval;
- 11) adopt decisions concerned with the imposition and lifting of the requirement on surrender of foreign exchange proceeds from exports of goods (work, services);
- 12) review and approve the annual consolidated financial report of the Kazakhstan National Bank;
- 13) approve regulations of the Kazakhstan National Bank on the procedure for forming its authorized and reserve capital, for using fixed capital and other property, and for forming the budget (expenditure budget) of the Kazakhstan National Bank, and approve department directors and the senior managers of branches, representative offices, and organizations of the Kazakhstan National Bank;
- 14) specify and approve the working conditions of employees of the Kazakhstan National Bank, and of branches, representative offices, and organizations thereof, and the system and amounts of their labor compensation and their social and personal support;
- 15) approve the total amount of funding provided to the state institution known as the "Republic of Kazakhstan Agency for the Regulation and Supervision of the Financial Market and Financial Organizations" on recommendation of the Chairman of this Agency;
- 16) make decisions regarding participation of the Kazakhstan National Bank in international and other organizations in accordance with the Republic of Kazakhstan Law "On the National Bank of the Republic of Kazakhstan";

- 17) approve the membership of the Board of Directors (Directorate) of the Kazakhstan National Bank;
- 18) approve, for organizations placed under the regulation and supervision of the authorized state body for the regulation and supervision of the financial market and financial organizations, and of the Kazakhstan National Bank, standard charts of accounts, accounting and financial reporting regulations, and in coordination with the authorized body for the regulation of the accounting and financial reporting system the standards of accounting concerned with issues not regulated by international financial reporting standards and not conflicting therewith, and methodological recommendations concerned with such standards;
- 19) determine the conditions for the opening of bank accounts with the Kazakhstan National Bank for legal entities that are not banks;
- 20) approve requirements on the level of protection afforded to bill paper manufactured in or entered into the Republic of Kazakhstan;
- 21) specify the conditions for restructuring the debt of banks and other organizations owed to the Kazakhstan National Bank under loans granted by the Kazakhstan National Bank;
- 22) review, approve, and submit to the Republic of Kazakhstan president for approval the structure and the total staff size of the Kazakhstan National Bank, and the Statute on the Kazakhstan National Bank;
- 23) allocate net revenues of the Kazakhstan National Bank;
- 24) specify the officer (of a level not below the Deputy Chairman of the Kazakhstan National Bank) whose powers are to include making operational decisions concerned with fiduciary management of assets transferred on the basis of fiduciary property management agreements executed between the Kazakhstan National Bank and the Republic of Kazakhstan government;
- 25) approve standards on reserve requirements for banks;
- 26) determine the policy and methods of accounting for the Kazakhstan National Bank, with consideration for international financial reporting standards;
- 27) approve the rules of investment operations of the National Fund of the Republic of Kazakhstan, and the report on the results of fiduciary management of the National Fund of the Republic of Kazakhstan submitted to the Republic of Kazakhstan government;
- 28) furnish information on the results of fiduciary management of the National Fund of the Republic of Kazakhstan to the Republic of Kazakhstan Parliament;
- 29) specify the officer (of a level not below the Deputy Chairman of the Kazakhstan National Bank) whose powers are to include making operational decisions concerned with fiduciary management of the National Fund of the Republic of Kazakhstan (the authorized representative);
- 30) specify the list of foreign currencies against which official exchange rates of the domestic currency of the Republic of Kazakhstan shall be set.

The Supervisory Board of the Kazakhstan National Bank shall have the right to consider and make a decision on any issue falling within the authority of the Kazakhstan National Bank.

24. Meetings of the Supervisory Board of the Kazakhstan National Bank shall be held whenever necessary, but not less than once a month. Meetings of the Supervisory Board shall be chaired by the Chairman of the Kazakhstan National Board, and in the event of his absence, by a person acting in his stead. Meetings of

the Supervisory Board of the Kazakhstan National Bank may be held on any days, including days off and holidays, and at any time of the day. The place of a meeting of the Supervisory Board shall be specified by the Chairman of the Kazakhstan National Bank, or by a person acting in his stead.

Whenever necessary, a meeting of the Supervisory Board may be held over period of (prolonged for) several days. In such case the date of the last day of the Supervisory Board's meeting shall be treated as the date of any decision.

The Chairman of the Kazakhstan National Bank, or a person acting in his stead, or not less than one third of the total number of members of the Supervisory Board, shall have the right to demand a special meeting of the Supervisory Board for the discussion of the most urgent and important issues.

The list of persons (other than members of the Supervisory Board) that may attend a meeting of the Supervisory Board in respect to a specific issue shall be specified by the Chairman of the Kazakhstan National Bank.

Decisions of the Supervisory Board shall be adopted by a simple majority of the votes of members of the Supervisory Board, provided that not less than two thirds of the total number of members of the Supervisory Board, among them the Chairman of the Kazakhstan National Bank or a person acting in his stead, take part in the voting. In the event of a tie vote, the Chairman of the Kazakhstan National Bank shall cast the deciding vote. Decisions of the Supervisory Board of the Kazakhstan National Bank may be adopted by polling of the members.

Within no more than a week's time the Chairman of the Kazakhstan National Bank shall have the right to bring a decision of the Supervisory Board, together with his objections, back to the membership for further discussion and a second vote. If by a two thirds vote of its total membership the Supervisory Board upholds the earlier decision, the Chairman of the Kazakhstan National Bank shall sign the decision.

Taking under advisement that the places of permanent work of certain members of the Supervisory Board may be away from the location of the Head Office of the Kazakhstan National Bank, and in instances where some members of the Supervisory Board are away on business or absent for other valid reasons, the issues to be discussed may be coordinated with them by the Chairman of the Kazakhstan National Bank by telephone or by other communication resources. Subsequent confirmation of their position on any adopted decision by such persons shall be legalized by their signing of the relevant resolution of the Supervisory Board.

The Supervisory Board shall adopt resolutions on matters falling under its authority.

Minutes shall be kept of meetings of the Supervisory Board whenever there are fundamental disagreements among members of the Supervisory Board on an issue to be discussed at a Supervisory Board meeting that had been expressed in writing before the Supervisory Board meeting and had not been resolved before its start, and when so decided by the Chairman of the Kazakhstan National Bank or by a person acting in his stead. The functions of Supervisory Board meeting secretary may be assigned in such case by the Chairman of the Kazakhstan National Bank or by a person acting in his stead to any member of the Supervisory Board of the Kazakhstan National Bank or to any employee of the Kazakhstan National Bank.

Materials concerning matters to be brought up at a meeting of the Supervisory Board shall be submitted to the Kazakhstan National Bank subdivision responsible for direct issuance (preparation) of the relevant resolution, which shall forward these materials to the Supervisory Board members for advance inspection no less than 10 days before the start of the Supervisory Board meeting. The Chairman of the Supervisory Board shall have the right to establish a shorter time of advance inspection of materials.

The order of business of the Supervisory Board of the Kazakhstan National Bank shall be regulated by its rules of procedure.

25. The Board of Directors of the Kazakhstan National Bank shall be the body of operational administration of the Kazakhstan National Bank, and it shall make decisions on issues under the jurisdiction of the Kazakhstan National Bank, with the exception of issues falling under the authority of the Supervisory Board and Chairman of the Kazakhstan National Bank (or Deputies thereof).

The Board of Directors shall be made up of the Chairman of the Kazakhstan National Bank, deputies thereof, and on recommendation of the Chairman of the Kazakhstan National Bank, the directors of Kazakhstan National Bank subdivisions. The membership of the Board of Directors of the Kazakhstan National Bank shall be approved by the Supervisory Board of the Kazakhstan National Bank.

Meetings of the Board of Directors of the Kazakhstan National Bank shall be held whenever necessary but not less than once a month. Meetings of the Board of Directors shall be chaired by the Chairman of the Kazakhstan National Bank, and in the event of his absence, by a person acting in his stead.

Meetings of the Board of Directors of the Kazakhstan National Bank may be held on any days, including days off and holidays, and at any time of the day. The place of a meeting of the Board of Directors shall be specified by the Chairman of the Kazakhstan National Bank, or by a person acting in his stead.

Whenever necessary, meetings of the Board of Directors may be held over a period of (prolonged for) several days. In this case the date of the last day of the meeting of the Board of Directors of the Kazakhstan National Bank shall be treated as the date of any decision.

The Chairman of the Kazakhstan National Bank, or a person acting in his stead, or not less than one third of the total number of members of the Board of Directors, shall have the right to demand convocation of a special meeting of the Board of Directors for the discussion of the most urgent and important issues.

The list of persons (other than members of the Board of Directors) that may attend a meeting of the Board of Directors in respect to a specific issue shall be specified by the Chairman of the Kazakhstan National Bank.

Decisions of the Board of Directors may be made both at meetings and by a polling procedure. Decisions shall be adopted at meetings by a simple majority vote of participating members of the Board of Directors, provided that not less than two thirds of the total number of members of the Board of Directors, among them the Chairman of the Kazakhstan National Bank or a person acting in his stead, are in attendance. In event of a tie vote, the Chairman of the Kazakhstan National Bank shall cast the deciding vote. Decisions shall be adopted in respect to issues considered by a polling procedure by two thirds of the votes of the total membership of the Board of Directors.

Within no more than a week's time the Chairman of the Kazakhstan National Bank shall have the right to bring a decision of the Board of Directors, together with his objections, back to the membership for further discussion and a second vote. If by a two thirds vote of its total membership the Board of Directors upholds the earlier decision, the Chairman of the Kazakhstan National Bank shall sign the decision. Considering that some issues require a speedy decision, in certain cases decisions shall be adopted by a polling procedure, and in instances where some members of the Board of Directors are away on business or are absent for other valid reasons, the issues to be discussed may be coordinated with them by the Chairman of the Kazakhstan National Bank by telephone or by other communication resources. Subsequent confirmation of their position on any adopted decision shall be legalized by their signing of the relevant resolution of the Board of Directors, and if there are fundamental disagreements among them, this shall be so stated in a note to the resolution.

The Board of Directors shall adopt resolutions on matters falling under its authority.

Minutes shall be kept of meetings of the Board of Directors whenever there are fundamental disagreements among members of the Board of Directors on an issue to be discussed at a Board of Directors meeting that had been expressed in writing before the Board of Directors meeting and had not been resolved



before its start, and when so decided by the Chairman of the Kazakhstan National Bank or by a person acting in his stead. The functions of Board of Directors meeting secretary may be assigned in such case by the Chairman of the Kazakhstan National Bank or by a person acting in his stead to any member of the Board of Directors of the Kazakhstan National Bank or to any employee of the Kazakhstan National Bank.

Materials concerning matters to be brought up at a meeting of the Board of Directors shall be submitted to the Kazakhstan National Bank subdivision responsible for direct issuance (preparation) of the relevant resolution, which shall forward these materials to the Board of Directors members for advance inspection at least five days before the start of the Board of Directors meeting. The Chairman of the Kazakhstan National Bank shall have the right to establish a shorter time of advance inspection of materials.

The order of business of the Board of Directors of the Kazakhstan National Bank shall be regulated by its rules of procedure.

26. The Board of Directors of the Kazakhstan National Bank shall have the power to:

1) approve the structure of subdivisions of the Head Office and of branches and representative offices of the Kazakhstan National Bank on the basis of the structure of the Kazakhstan National Bank approved by the Republic of Kazakhstan president, and the bylaws of organizations of the Kazakhstan National Bank;

2) entertain reports from directors of Head Office subdivisions and of branches, representative offices and organizations of the Kazakhstan National Bank;

3) set remuneration rates for repo and reverse repo operations and for overnight loans;

4) specify the structure of the annual consolidated financial report of the Kazakhstan National Bank;

5) allocate the budget (expenditure budget) among Head Office subdivisions and the branches and representative offices of the Kazakhstan National Bank;

6) approve the business plan and labor compensation fund of organizations of the Kazakhstan National Bank;

7) make decisions on the creation, reorganization, and liquidation of organizations of the Kazakhstan National Bank, and on the opening and closing of branches and representative offices of the Kazakhstan National Bank;

8) give its consent to the appointment of officers to positions with the Kazakhstan National Bank and their discharge therefrom in accordance with a list of executive positions approved by the Chairman of the Kazakhstan National Bank;

9) conduct, whenever necessary, a preliminary examination of issues to be considered by the Supervisory Board of the Kazakhstan National Bank;

10) resolve the matter of the participation of the Kazakhstan National Bank in the creation of organizations assisting in its performance of its functions and (or) constituting a part of the financial market's infrastructure, and in the operations thereof;

11) approve the kinds and amounts of charges for services provided by the Kazakhstan National Bank.

The Board of Directors of the Kazakhstan National Bank shall have the right to consider and adopt decisions on any issue that is not under the exclusive authority of the Supervisory Board of the Kazakhstan National Bank.

27. The Chairman of the Kazakhstan National Bank shall be appointed by the Republic of Kazakhstan president for a term of six years with the Parliament's approval.

The Chairman shall act in the name of the Kazakhstan National Bank, and represent the Kazakhstan National Bank without power of attorney in relations with state bodies, banks, and financial, international, foreign, and other organizations.

The Chairman of the Kazakhstan National Bank shall have the right put in for retirement by submitting his written announcement to the Republic of Kazakhstan president at least two months before his retirement.

The Chairman of the Kazakhstan National Bank shall be discharged from his position by the Republic of Kazakhstan president.

The Chairman of the Kazakhstan National Bank shall be accountable for operations of the Kazakhstan National Bank.

28. The Chairman of the Kazakhstan National Bank shall be granted the powers to make operational, executive, and administrative decisions in respect to all matters concerned with operations of the Kazakhstan National Bank, with the exception of powers reserved by the Republic of Kazakhstan Law "On the National Bank of the Republic of Kazakhstan" and this Statute for the Supervisory Board of the Kazakhstan National Bank, to include:

1) presiding over meetings of the Supervisory Board and the Board of Directors of the Kazakhstan National Bank;

2) on the basis and/or in execution of legislative acts of the Republic of Kazakhstan, acts of the Republic of Kazakhstan president, regulations of the Kazakhstan National Bank, and resolutions of the Supervisory Board and Board of Directors of the Kazakhstan National Bank, issuing orders and directives on matters concerned with operations of the Kazakhstan National Bank, and signing resolutions of the Supervisory Board and Board of Directors of the Kazakhstan National Bank;

3) representing the Kazakhstan National Bank in the Republic and abroad within the limits of his authority;

4) appointing and discharging members of the Supervisory Board of the Kazakhstan National Bank in the name of the Kazakhstan National Bank;

5) putting forward candidates for appointment by the Republic of Kazakhstan president to the positions of Deputy Chairman of the Supervisory Board of the Kazakhstan National Bank;

6) approving the list of positions in the Kazakhstan National Bank;

7) appointing officers of the Kazakhstan National Bank in accordance with the approved position list, discharging them, awarding incentives to employees who have distinguished themselves, and imposing disciplinary punishments;

8) allocating responsibilities among Deputy Chairmen of the Kazakhstan National Bank, establishing the degree of accountability of his deputies, and of the directors of Head Office subdivisions, branches, representative offices, and organizations of the Kazakhstan National Bank, for the state of affairs in their assigned areas of work;

9) approving the staff schedules of the Head Office, branches, and representative offices of the Kazakhstan National Bank on the basis of the total staff size of the Kazakhstan National Bank approved by the Republic of Kazakhstan president;

10) setting individual salaries for individual employees possessing high professional qualifications and performing especially important functions;

11) managing all property and resources of the Kazakhstan National Bank in accordance with current legislation of the Republic of Kazakhstan, issuing powers of attorney, and establishing the procedure for the signing of obligations and issuance of powers of attorney in the name of the Kazakhstan National Bank;

12) entering into agreements (arrangements, contracts) in the name of the Kazakhstan National Bank;

13) reviewing the results of examinations and audits of Head Office subdivisions, branches, representative offices, and organizations of the Kazakhstan National Bank;

14) adopting decisions on issuing licenses for the conduct of operations connected with the use of foreign exchange valuables foreseen by foreign exchange legislation of the Republic of Kazakhstan, on redrawing licenses issued by the Kazakhstan National Bank in accordance with Republic of Kazakhstan legislation in the event of changes to the licensee's name and location, and on issuing duplicate licenses.

The Chairman of the Kazakhstan National Bank (or a Deputy Chairman of the Kazakhstan National Bank) shall make decisions on the imposition of administrative punishments in cases of administrative violations when their examination falls within the authority of the Kazakhstan National Bank in accordance with legislative acts of the Republic of Kazakhstan.

The Chairman of the Kazakhstan National Bank shall have the right to make decisions on any issues not falling under the authority of the Supervisory Board and Board of Directors of the Kazakhstan National Bank, and to delegate decisions on certain issues falling under his authority to his deputies and to the directors of Head Office structural subdivisions, branches, and representative offices of the Kazakhstan National Bank.

The amounts of the individual salaries of the Chairman of the Kazakhstan National Bank and his deputies shall be approved by the Republic of Kazakhstan president.

29. Deputy Chairmen of the Kazakhstan National Bank shall be appointed by the Republic of Kazakhstan president on the recommendation of the Chairman of the Kazakhstan National Bank for a term of six years regardless of the term of office of the Chairman of the Kazakhstan National Bank.

Deputy Chairmen shall represent the Kazakhstan National Bank without power of attorney, sign documents, and issue powers of attorney for the participation of employees of the Kazakhstan National Bank in hearings on cases conducted in courts and other organizations, and in respect to other issues within the limits of their authority.

Deputy Chairmen shall be discharged from their positions by the Republic of Kazakhstan president on the recommendation of the Chairman of the Kazakhstan National Bank.

Deputy Chairmen of the Kazakhstan National Bank may put in for retirement by submitting a written announcement to the Republic of Kazakhstan president coordinated with the Chairman of the Kazakhstan National Bank. Deputy Chairmen of the Kazakhstan National Bank shall consider issues and make decisions in accordance with current legislation of the Republic of Kazakhstan and on the basis of the allocation of their functional responsibilities.

30. The directors of subdivisions of the Head Office of the Kazakhstan National Bank shall conduct their business on the basis of statutes on these subdivisions approved by the Board of Directors of the Kazakhstan National Bank.

## **5. Branches of the Kazakhstan National Bank**

31. Branches of the Kazakhstan National Bank (henceforth branches) shall be opened by decision of the Board of Directors of the Kazakhstan National Bank, they shall fall within the unified centralized structure of the Kazakhstan National Bank with a vertical hierarchy, they shall be answerable thereto, and they shall conduct their business within the limits of powers specified therefor by the Kazakhstan National Bank.

32. A branch may contain departments and other subdivisions in keeping with the branch structure approved by the Kazakhstan National Bank, and the powers and legal status of such subdivisions shall be set forth in the statute on the branch of a Republic of Kazakhstan National Bank.

33. A branch shall be independent from local bodies of state government in its operations, and it shall not be liable for obligations of the state except when such liability is imposed thereon by the Kazakhstan National Bank. The Kazakhstan National Bank shall be liable for the obligations of a branch.

34. The operations of a branch shall be guided by current legislation of the Republic of Kazakhstan, regulations and resolutions of the Supervisory Board and Board of Directors, orders and directives of the Kazakhstan National Bank, this Statute, and the statute on a branch of the Kazakhstan National Bank.

35. The procedure for opening and closing a branch, and the tasks, functions, and authority of a body of a branch shall be specified by current legislation of the Republic of Kazakhstan, regulations of the Kazakhstan National Bank, and the statute on a branch of the Kazakhstan National Bank.

36. The operations of a branch shall be supervised by its director, who shall be appointed and discharged by the Supervisory Board of the Kazakhstan National Bank. A branch director shall conduct his business on the basis of a general power of attorney from the Kazakhstan National Bank.

#### 6. Representative Offices of the Kazakhstan National Bank

37. Representative offices of the Kazakhstan National Bank shall be opened by decision of the Board of Directors of the Kazakhstan National Bank both within the Republic of Kazakhstan and beyond its borders, they shall fall within the unified centralized structure of the Kazakhstan National Bank, and they shall defend and represent the interests of the Kazakhstan National Bank within the limits of powers specified therefor by the Kazakhstan National Bank.

38. The procedure for opening and closing representative offices and their powers and legal status shall be set forth in the Statute on Representative Offices of the Kazakhstan National Bank.

#### 7. Organizations of the Kazakhstan National Bank

39. Organizations of the Kazakhstan National Bank (henceforth organizations) shall be legal entities, they shall be created in the form of Republican state enterprises, and they shall be subject to state registration by procedure established by current legislation of the Republic of Kazakhstan.

40. The decision to create organizations of the Kazakhstan National Bank, and to terminate their operations and change their legal status, shall be made by the Board of Directors of the Kazakhstan National Bank.

41. The bylaws of an organization shall be approved by the Board of Directors of the Kazakhstan National Bank.

42. The Kazakhstan National Bank shall act as the authorized body and as the body of state administration in relation to organizations created thereby.

43. The procedure for the creation, reorganization, and liquidation of organizations and their bodies, the object and goal of their operations, and their legal status and authority shall be specified by current legislation of the Republic of Kazakhstan, their bylaws, this Statute, and other regulations of the Kazakhstan National Bank.

#### 8. Reporting on Operations of the Kazakhstan National Bank and Examinations Thereof

44. The Kazakhstan National Bank shall submit an annual report to the Republic of Kazakhstan president for approval no later than May 1 of the year following the reporting year.

The Kazakhstan National Bank shall submit the annual balance sheet and the statement of revenues and expenditures of the Kazakhstan National Bank by an agreed date to the Republic of Kazakhstan Ministry of Finance for the purpose of forming the consolidated financial balance of the Republic of Kazakhstan.

45. Operations of the Kazakhstan National Bank shall be examined yearly by an independent auditing organization appointed by the Supervisory Board of the Kazakhstan National Bank. Examinations of operations of the Kazakhstan National Bank and subdivisions thereof by any other state bodies shall be conducted only with the consent or by order of the Republic of Kazakhstan president.

#### 9. Concluding Provisions

46. The Kazakhstan National Bank may be liquidated by the adoption of the corresponding Republic of Kazakhstan Law. In the event of liquidation of the Kazakhstan National Bank, its property shall be transferred to the successor stated in that law.

47. The Kazakhstan National Bank shall be held accountable by procedure established by Republic of Kazakhstan legislation for the nonperformance of its obligations.

All disputes arising between the Kazakhstan National Bank, banks, organizations engaging in certain kinds of banking operations, the founders (participants) thereof, legal entities, and individuals in connection with the execution of the Republic of the Kazakhstan Law "On the National Bank of the Republic of Kazakhstan" shall be resolved in court in accordance with legislation of the Republic of Kazakhstan and international agreements of which the Republic of Kazakhstan is a participant.

Approved  
by Decree No. 1271, December 31, 2003  
of the President of the Republic of Kazakhstan

**STRUCTURE**  
of the Kazakhstan National Bank

1. Head Office:

1. Department of Research and Statistics
2. Department of the Payment Balance and Foreign Exchange Regulation
3. Legal Department
4. Department of Monetary Operations
5. Accounting Department
6. Department of Information Technologies
7. Department of Internal Audit
8. Personnel Relations Department
9. Cash Operations Administration
10. International Relations Administration
11. Payment Systems Administration
12. Administration for the Support of Activities of the Senior Management of the National Bank.
13. Operations Administration
14. Budget Planning and Control Administration
15. Administration for the Introduction of Automated Bank Information Systems
16. Security Administration
17. Documentation Support and Control Administration
18. Business Administration
19. Liaison Administration (City of Astana)
20. First Division

2. Branches of the Kazakhstan National Bank:

1. Central Branch (City of Astana)
2. Almaty City Branch
3. Alma-Ata Oblast Branch
4. Akmola Branch
5. Aktyubinsk Branch
6. Atyrau Branch
7. East Kazakhstan Branch
8. Dzhambul Branch
9. West Kazakhstan Branch
10. Karaganda Branch
11. Kustanay Branch
12. Kzyl-Orda Branch
13. Mangistau Branch
14. Pavlodar Branch
15. North Kazakhstan Branch
16. South Kazakhstan Branch
17. Center for Cash Operations and Storage of Valuables (Branch)

3. Organizations of the Kazakhstan National Bank:

1. "Kazakhstan Center for Interbank Settlements of the Republic of Kazakhstan National Bank" Republican State Enterprises under the Rights of Business Management
2. "Bank Service Bureau of the Republic of Kazakhstan National Bank" Republican State Enterprise under the Rights of Business Management
3. "Kazakhstan Mint of the Republic of Kazakhstan National Bank" Republican State Enterprise under the Rights of Business Management
4. "Motor Pool of the Republic of Kazakhstan National Bank" Republican State Enterprise under the Rights of Business Management
5. "Banknote Factory of the Republic of Kazakhstan National Bank" Republican State Enterprise under the Rights of Business Management
6. "Almaty Buildings Operations Center of the Republic of Kazakhstan National Bank" Republican State Enterprise under the Rights of Operative Management (Public Enterprise)
4. Representative Office of the Kazakhstan National Bank in the Russian Federation.

Attachment  
to Decree No. 1271, December 31, 2003  
of the President of the Republic of Kazakhstan

LIST  
of Some Decrees of the Republic of Kazakhstan President  
Recognized As Having Lost Force

1. Decree No. 188, August 11, 1999 of the Republic of Kazakhstan President "On Approving the Statute and Structure of the Republic of Kazakhstan National Bank"
2. Decree No. 400, May 20, 2000 of the Republic of Kazakhstan President "On Changes and Additions to Decree No. 188, August 11, 1999 of the Republic of Kazakhstan President"
3. Decree No. 587, April 18, 2001 of the Republic of Kazakhstan President "On Changes and Additions to Decree No. 188, August 11, 1999 of the Republic of Kazakhstan President"
4. Item 4, Decree No. 654, 11 July, 2001 of the Republic of Kazakhstan President "On Measures to Organize a Unified System of State Regulation of the Financial Market"
5. Decree No. 668, August 21, 2001 of the Republic of Kazakhstan President " On Changes and Additions to Decree No. 188, August 11, 1999 of the Republic of Kazakhstan President"
6. Item 3, Decree No. 872, May 17, 2002 of the Republic of Kazakhstan President "Issues of Organizing a Unified System of State Regulation of the Republic of Kazakhstan Financial Market"
7. Decree No. 924, August 15, 2002 of the Republic of Kazakhstan President "On Changes and Additions to Decree No. 188, August 11, 1999 of the Republic of Kazakhstan President"
8. Decree No. 1009, December 29, 2002 of the Republic of Kazakhstan President "On Changes and Additions to Decree No. 188, August 11, 1999 of the Republic of Kazakhstan President"