

**Law of the Republic of Kazakhstan No. 2155, dated March 30, 1995,**  
**On the National Bank of the Republic of Kazakhstan**  
(with amendments as of February 28, 2007)

*The heading is set forth as in Law of the RK No. 162-II, dated March 2, 2001*

*Regarding changes to the present Law, see:*

*Law of the RK No. 224-III, dated January 12, 2007 (to be put into effect three years and six months from the date of the publishing);*

**Chapter 1. General Provisions (Articles 1 - 6)**

**Chapter 2. Tasks, Functions, and Powers of the National Bank of Kazakhstan (Articles 7 - 8)**

**Chapter 3. Capital and Reserves of the National Bank of Kazakhstan (Articles 9 - 11)**

**Chapter 4. Structure and Bodies of the National Bank of Kazakhstan. Procedures for their Formation; their Purview (Articles 12 - 20)**

**Chapter 5. Cooperation between the National Bank of Kazakhstan and Bodies of State Authority (Articles 21 - 28)**

**Chapter 6. Monetary Policy (Articles 29 - 37)**

**Chapter 7. Monetary Circulation and the Currency Unit (Articles 38 - 47)**

**Chapter 8. Organization of Payments and Money Transfers (Articles 48 - 50)**

**Chapter 9. Operations of the National Bank of Kazakhstan (Articles 52 - 54)**

**Chapter 10. Activities of the National Bank of Kazakhstan in the area of Foreign Economic Relations. Transactions Involving Foreign exchange assets (Articles 56 - 60)**

**Chapter 11. Monitoring and Oversight Functions of the National Bank of Kazakhstan (Articles 61 - 62)**

**Chapter 12. Reporting Requirements of the National Bank of Kazakhstan (Articles 65 - 68)**

**Chapter 13. Concluding Provisions (Articles 69 - 74)**

*The table of contents is absent in the original*

*The preamble has been deleted, and the word "Decree" replaced throughout the text by the words "Law", in the appropriate case declensions, pursuant to Law No. 162-II of the RK, dated March 2, 2001*

*In the text of the Law following the word "Chapter", the numerals "I-XIII" have been replaced by the numerals "1-13", respectively, pursuant to Law No. 13-III of the RK, dated December 20, 2004 (put into effect as of January 1, 2005).*

*Throughout the text, the word "(interest)" has been deleted pursuant to Law of the RK No. 69-III, dated July 8, 2005.*

## **Chapter 1. GENERAL PROVISIONS**

*Article 1 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995; Law of the RK No. 154-1, dated July 11, 1997; and Law of the RK No. 483-II, dated July 10, 2003*

**Article 1.** The Banking System of the Republic of Kazakhstan

The Republic of Kazakhstan shall have a two-tiered banking system.

The National Bank of the Republic of Kazakhstan (National Bank of Kazakhstan) shall be the central bank of the Republic of Kazakhstan and shall represent the upper (first) level of the banking system of the Republic of Kazakhstan.

The National Bank of Kazakhstan shall represent, within the limits of its authority, the interests of the Republic of Kazakhstan in relations with the central banks and banks of other countries, in international banks and other financial and credit organizations.

In performing its tasks, the National Bank of Kazakhstan must not be guided by the goal of obtaining profit.

The types, legal status, and procedures for the creation, operation, and liquidation of second-tier banks shall be defined by banking and other legislation of the Republic of Kazakhstan.

*Article 2 has been amended pursuant to legally effective Decree of the President of the RK No. 2672, dated December 5, 1995, and by Law of the RK No. 162-II, dated March 2, 2001*

**Article 2.** Legal foundation for the activities of the National Bank of Kazakhstan

In its operations, the National Bank of Kazakhstan shall be guided by the Constitution, this Law as well as the Law of the Republic of Kazakhstan "On Banks and Banking Activities in the Republic of Kazakhstan", other statutes of the republic, acts of the President of the Republic of Kazakhstan, and international treaties (agreements) entered into by the Republic of Kazakhstan.

*Article 3 is set forth as in the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995, and amended pursuant to Law of the RK No. 236-1, dated June 29, 1998, Law of the RK No. 162-II, dated March 2, 2001, and Law of the RK No. 69-III, dated July 8, 2005.*

**Article 3.** Accountability of the National Bank of Kazakhstan.

The National Bank of Kazakhstan shall be accountable to the President of the Republic of Kazakhstan.

Accountability to the President of the Republic of Kazakhstan shall signify that:

- the President of the Republic of Kazakhstan will, with the consent of the Parliament of the Republic of Kazakhstan, appoint the Chairman of the National Bank of Kazakhstan and release the latter from his office;
- the President of the Republic of Kazakhstan will, upon being advised by the Chairman of the National Bank of Kazakhstan, appoint Deputy Chairmen of the National Bank of Kazakhstan and release the latter from their offices;
- the President of the Republic of Kazakhstan will approve the structure, overall staff size, and wage system of the National Bank of Kazakhstan;
- the President of the Republic of Kazakhstan will approve the Provision on the National Bank of Kazakhstan;
- the President of the Republic of Kazakhstan will approve the yearly report of the National Bank of Kazakhstan;
- the President of the Republic of Kazakhstan will approve the conceptual design of banknotes and coins of the national currency – the Kazakhstan tenge;
- the National Bank of Kazakhstan shall, on issues within its purview, submit information requested by the President of the Republic of Kazakhstan.

*Article 4 has been amended pursuant to Law of the RK No. 154-1, dated June 11, 1997, and Law of the RK No. 483-II, dated July 10, 2003*

**Article 4.** Legal Regulatory Acts of the National Bank of Kazakhstan

On the basis of and in fulfillment of laws of the Republic of Kazakhstan on matters assigned to its purview, the National Bank of Kazakhstan shall issue legal regulatory acts that shall be binding upon all banks, organizations engaged in specific types of banking operations and their clients, and other legal entities and individuals within the Republic of Kazakhstan.

Legal regulatory acts of the National Bank of Kazakhstan shall be published in the official publications "Kazakhstan Ulttyk Bankinin Khabarshysynda" and the "Bulletin of the National Bank of the Republic of Kazakhstan", in Kazakh and in Russian.

**Article 5.**

*Deleted pursuant to Law of the RK No. 154-1, dated June 11, 1997*

*Article 6 has been amended pursuant to Law of the RK No. 154-1, dated June 11, 1997, and Law of the RK No. 162-II, dated March 2, 2001*

**Article 6.** The National Bank of Kazakhstan as a Legal Entity

The National Bank of Kazakhstan shall be a legal entity in the legal organizational form of a state institution, shall have an independent balance sheet, and shall, along with its branch offices, representative offices, and organizations, comprise a unified structure.

The Central Office of the National Bank of Kazakhstan shall be located in the city of Almaty. The National Bank of Kazakhstan may open branch offices and representative offices within and outside the Republic of Kazakhstan.

*The heading is set forth as in Law of the RK No. 483-II, dated July 10, 2003*

## **Chapter 2. PRIMARY PURPOSE, TASKS, FUNCTIONS, AND POWERS OF THE NATIONAL BANK OF KAZAKHSTAN**

*Article 7 has been amended pursuant to Law of the RK No. 154-1, dated June 11, 1997, and Law of the RK No. 436-1, dated July 16, 1999; and Law of the RK No. 483-II, dated July 10, 2003*

**Article 7.** Primary Purpose and Tasks of the National Bank of Kazakhstan

The primary purpose of the National Bank of Kazakhstan shall be to ensure price stability in the Republic of Kazakhstan.

In order to achieve its primary purpose, the National Bank of Kazakhstan shall be charged with the following tasks:

- 1) Develop and implement the state's monetary policy;
- 2) Ensure the functioning of payment systems;
- 3) Implement foreign exchange regulation and foreign exchange control;
- 4) Promote the stability of the financial system.

*Article 8 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995; and laws of the RK No. 50-1, dated December 7, 1996; No. 154-1, dated June 11, 1997; No. 436-1, dated July 16, 1999; No. 162-II, dated March 2, 2001; No. 182-II, dated May 3, 2001; No. 482-II, dated July 9, 2003; No. 483-II, dated July 10, 2003; No. 562-II, dated June 11, 2004; No. 13-III, dated December 20, 2004 (put into effect as of January 1, 2005);*

*Law of the RK No. 69-III, dated July 8, 2005; Law of the RK No.107-III, dated December 23, 2005; Law of the RK No. 127-III, dated February 20, 2006; Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006); Law of the RK No. 222-III, dated January 12, 2007 (put into effect as of August 10, 2007); Law of the RK No. 235-III, dated February 28, 2007 (put into effect as of March 23, 2007).*

**Article 8. Functions, Powers, and Rights of the National Bank of Kazakhstan**

The National Bank of Kazakhstan:

a) shall implement the state monetary policy of the Republic of Kazakhstan, be the sole issuer of banknotes and coin within the Republic of Kazakhstan, and issue securities.

Securities issued by the Republic of Kazakhstan shall be state securities, and the Republic of Kazakhstan shall be liable for obligations under them;

b) shall take part in servicing the state debt of the Government of the Republic of Kazakhstan in coordination with the latter, and service the state debt of the National Bank of Kazakhstan;

c) *Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003.*

d) *Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003.*

e) may grant credits to banks, as well as legal entities that open bank accounts in the National Bank of Kazakhstan, under a decision of the Executive Board of the National Bank of Kazakhstan. Shall be the creditor of last resort for banks;  
- may restructure debts owed by banks and other organizations to the National Bank of Kazakhstan on credits granted to them, following the procedures and terms defined by the Executive Board of the National Bank of Kazakhstan;

e-1) shall define procedures for carrying out the following types of banking operations: opening and maintaining correspondent accounts of banks and organizations engaged in specific types of banking operations; opening and maintaining coin accounts of individuals and legal entities that reflect the physical quantity of refined precious metals and coin made from precious metals belonging to a given person or entity; cash operations; transfer operations; discount transactions; collection of banknotes, coin, and valuables; organizing exchange transactions with foreign currency; and opening (issuing) and endorsing letters of credit and executing obligations on them. It shall also define procedures for the performance of interbank clearing and the issuance and use of payment cards and check books;

e-2) where established by statutes of the Republic of Kazakhstan, [the National Bank] shall issue an opinion to the authorized body of state for regulation and oversight of the financial market and financial transactions (hereinafter, "authorized body"), regarding the possibility of the authorized body issuing a license for specific types of banking operations and vault operations for banks. It shall also define the procedure for issuing such opinions;

f) *Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003.*

f-1) *Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003.*

g) shall exert influence on market rates of remuneration on the financial market;

h) shall define the procedures, system, and form for making payments and money transfers in the Republic of Kazakhstan; organize and oversee the functioning of payment systems that ensure timely and uninterrupted money transfers among banks and organizations engaged in specific types of banking operations in Kazakhstan tenge; and establish requirements for the organizational measures and hardware and software that ensure access to the payment systems for banks and organizations engaged in specific types of banking operations;

h-1) shall establish rules for providing electronic banking services when carrying out banking operations;

i) shall perform foreign exchange regulation and control in the Republic of Kazakhstan, and shall be entitled to perform all types of exchange transactions;

i-1) shall issue licenses for the engagement in retail trade and providing services for foreign cash currency, and also for the organization of exchange transactions with foreign currency, to legal entities engaged exclusively in organizing exchange transactions with foreign currency;

i-2) shall issue licenses for the encashment of banknotes, coins and valuables to the organizations engaged in specific types of banking operations;

i-3) shall establish the minimum size and procedures for forming the authorized capital of legal entities that are engaged in collection operations on the basis of a license from the National Bank of Kazakhstan, and also of legal entities engaged exclusively in organizing exchange transactions with foreign currency;

i-4) shall issue permission for state registration with the bodies of justice to legal entities engaged exclusively in organizing exchange transactions with foreign currency;

j) shall publish legal regulatory acts, binding upon all banks and organizations engaged in specific types of banking operations and their clients, on matters of banking activities, payments and money transfers, and on the performance of foreign exchange operations within the bounds of their statutory authority. It shall also oversee compliance with these acts, and define the policy and accounting methods for the National Bank of Kazakhstan in consideration of international financial reporting standards;

j-1) shall develop and approve legal regulatory acts, binding upon all financial organizations, on matters of accounting and the automation of accounting records maintenance. It shall also monitor compliance by organizations engaged in specific types of banking operations under a license of the National Bank of Kazakhstan, with the requirements of statutes of the Republic of Kazakhstan on accounting and financial reporting and with international financial reporting standards;

j-2) shall monitor compliance by all financial organizations with the requirements for systems for automating accounting records, including by enlisting employees of the authorized body;

j-3) shall develop and approve legal regulatory acts on matters of accounting, financial reporting, and transaction automation systems, binding upon special financial companies, and shall also monitor their compliance with statutes of the Republic of Kazakhstan on accounting and financial reporting, international financial reporting standards, and the requirements for transaction automation systems;

k) in coordination with the authorized body for regulation of the system of accounting and financial reporting, shall develop and approve financial reporting standards on matters not regulated by international financial reporting standards and not conflicting with the latter, as well as recommended practices for them;

- k-1) in coordination with the authorized body of state on matters falling within its purview, shall establish a list, forms, and time limits for submitting statistical reports on the balance of payments, foreign debt, and monetary and financial statistics, and collect the latter;
- k-2) in coordination with the authorized body, shall establish a list and forms in compliance with international standards, as well as time limits and a procedure for the submission of financial reports by all financial organizations and related entities where stipulated by statutes of the Republic of Kazakhstan;
- k-3) shall establish a procedure, forms, and time limits for submitting reports on matters of foreign exchange regulation and control;
- k-4) in coordination with the relevant authorized bodies, shall establish binding requirements on providing security and furnishing the premises of banks and organizations engaged in specific types of banking operations;
- l) may, for purposes of regularizing payments and money transfers and in coordination with the Government of the Republic of Kazakhstan, establish an order of priority for payments to bank accounts that are made by banks, organizations engaged in specific types of banking operations, and all economic entities unless stipulated otherwise by statute;
- m) may take part in the creation and activities of organizations that facilitate the National Bank of Kazakhstan's performance of its assigned functions and/or are part of the financial market infrastructure;
- m-1) may create advisory bodies of the National Bank of Kazakhstan;
- n) shall establish rules for the accounting, storage, transportation, and collection of cash banknotes and coin, participate in supporting the transportation, storage, and collection of banknotes and coin, and create state reserve funds of banknotes and coin;
- o) shall compile and regularly publish the consolidated balance sheet of the banks of the Republic of Kazakhstan and its own balance sheet;
- p) shall shape the country's current balance of payments, international investment position, and estimates of gross foreign debt, participate in preparing short-term, medium-term, and long-term predictive estimates of the balance of payments, register foreign exchange transactions, monitor agreements on non-state foreign loans not having state guarantees, and monitor foreign exchange transactions of non-residents active within the Republic of Kazakhstan (foreign exchange monitoring);
- p-1) shall generate the state's monetary and financial statistics;
- q) may remove money from a client's bank account upon establishing an inaccuracy in the crediting thereof, and to debit a client's bank account if documents exist confirming the latter's consent to the removal of the money from the bank account;
- r) shall take part in the training and re-training of personnel for bodies of state and financial organizations;
- s) shall service the unified treasury account of the central authorized body for budget execution;
- s-1) shall be entitled to obtain needed information from banks, associations (unions) thereof, and bodies of state, individuals and legal entities for purposes of performing its functions;

s-2) shall rediscount bills pursuant to legal regulatory acts of the National Bank of Kazakhstan;

s-3) shall perform fiduciary management of the National Fund of the Republic of Kazakhstan on the basis of a fiduciary management agreement that shall be made between the National Bank of Kazakhstan and the Government of the Republic of Kazakhstan and published in official publications;

s-4) shall perform fiduciary management of assets on the basis of fiduciary management agreements made between the National Bank of Kazakhstan and the Government of the Republic of Kazakhstan or other legal entities. Fiduciary management agreements made between the National Bank of Kazakhstan and the Government of the Republic of Kazakhstan shall be published in official print publications;

s-5) shall establish regulations for bank accounts;

s-6) shall establish standards for minimum reserve requirements and monitor their fulfillment;

s-7) shall establish quantitative restrictions on specific types of operations and transactions of banks;

s-8) shall carry out banking activities and professional activities on the securities market, as defined by statutes of the Republic of Kazakhstan, without obtaining the corresponding licenses;

s-9) within the bounds of its authority, shall apply measures of influence and sanctions against licensees for violations of banking and currency laws of the Republic of Kazakhstan;

s-10) shall define a procedure for applying, and apply within the bounds of its authority, measures of influence and sanctions provided by banking and currency laws against banks and organizations engaged in specific types of banking operations, in the event of a violation by the latter of legal regulatory acts on matters of banking activities, accounting, payments and money transfers, or the conduct of foreign exchange transactions;

s-11) shall set prices for sales to individuals and legal entities of investment and collector's coins;

s-12) shall institute a procedure for securities transactions carried out by the National Bank of Kazakhstan;

s-13) shall define, in coordination with the central authorized body for budget execution, a procedure for carrying out the investment operations of the National Fund of the Republic of Kazakhstan;

s-14) shall define a procedure for the conversion and reconversion of assets of the National Fund of the Republic of Kazakhstan;

s-15) shall define a procedure for selecting external administrators of the assets of the National Fund of the Republic of Kazakhstan;

s-16) shall monitor sources of supply and demand as well as trends in the use of foreign currency on the domestic currency market;

t) shall exercise other functions, powers, and rights provided by the laws of the Republic of Kazakhstan.

*The title of Chapter 3 is set forth as in the Law of the RK No. 436-1, dated July 16, 1999*

### **Chapter 3. CAPITAL AND RESERVES OF THE NATIONAL BANK OF KAZAKHSTAN**

*Article 9 is set forth as in the Law of the RK No. 154-1, dated June 11, 1997, and amended pursuant to Law of the RK No. 236-1, dated June 29, 1998; Law of the RK No. 436-1, dated July 16, 1999; Law of the RK No. 483-II, dated July 10, 2003; Law of the RK No. 69-III, dated July 8, 2005; and Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006).*

#### **Article 9. Authorized Capital of the National Bank of Kazakhstan**

The authorized capital of the National Bank of Kazakhstan shall belong to the state and shall be formed in an amount not less than tenge 20 billion, through contributions from undistributed net income.

The National Bank of Kazakhstan shall independently exercise the rights to possess, use, and dispose of property on its balance sheet following the procedures defined by legal regulatory acts of the National Bank of Kazakhstan.

*Article 10 has been amended pursuant to Law of the RK No. 154-1, dated June 11, 1997; Law of the RK No. 236-1, dated June 29, 1998; Law of the RK No. 436-1, dated July 16, 1999; Law of the RK No. 162-II, dated March 2, 2001; Law of the RK No. 483-II, dated July 10, 2003; and Law of the RK No. 69-III, dated July 8, 2005.*

#### **Article 10. Reserve Capital, Revaluation Accounts, and Special Provisions (Reserves) of the National Bank of Kazakhstan**

The reserve capital of the National Bank of Kazakhstan shall be formed in an amount not less than its authorized capital, shall be replenished from undistributed net income, and shall be designated exclusively for compensating losses and reimbursing damages from operations performed, following the procedure established by the Executive Board of the National Bank of Kazakhstan. The account for the revaluation of gold and foreign exchange assets shall be designated for recording unrealized income from their revaluation. The fixed-asset revaluation account shall be designated for recording the results of the indexation of the fixed assets of the National Bank of Kazakhstan.

Expenditures of the National Bank of Kazakhstan shall be used to form special provisions (reserves) for doubtful and uncollectable claims, including credits, deposits, securities, losses incurred in settlements, account balances, and other assets, including amounts of unfinished construction, other claims on the National Bank of Kazakhstan's nonmonetary activities, and payments of a social nature; undistributed net income shall be used to form general provisions (reserves) for bank assets.

*Article 11 has been amended by the legally effective Decree of the President of the RK No. 2830, dated January 27, 1996; the article has been amended pursuant to Law of the RK No. 154-1, dated June 11, 1997; Law of the RK No. 436-1, dated July 16, 1999; and Law of the RK No. 162-II, dated March 2, 2001; the article is set forth as in Law of the RK No. 483-II, dated July 10, 2003; Article 11 has been amended pursuant to Law of the RK No. 69-III, dated July 8, 2005.*

#### **Article 11. Income of the National Bank of Kazakhstan**



The undistributed net income of the National Bank of Kazakhstan for the fiscal year shall be defined as the difference between income actually received and expenditures (with the exception of the amount of emerging unrealized income that is charged to revaluation accounts for gold and exchange assets), falling within the given fiscal year.

The undistributed net income of the National Bank of Kazakhstan, reduced by the amount of general provisions (reserves) for bank assets and by the amount of realized income from revaluation of gold and exchange assets, shall be channeled to increasing the authorized and/or reserve capital in the amount established by the Executive Board of the National Bank of Kazakhstan.

Upon approval of the annual report of the National Bank of Kazakhstan by the President of the Republic of Kazakhstan, the remaining portion of undistributed net income shall be transferred to the state budget with a delay of one fiscal year. If the amount of reserve capital is less than that of authorized capital, the entire undistributed net income shall remain at the disposal of the National Bank of Kazakhstan and shall be channeled to replenishing reserve capital until the latter reaches the amount of authorized capital. If reserve capital funds are insufficient to compensate losses for the fiscal year, the uncovered losses shall be compensated in full by the National Bank of Kazakhstan using state budget funds with a delay of one fiscal year.

*The title of Chapter 4 is set forth as in the Law of the RK No. 436-1, dated July 16, 1999*

#### **Chapter 4. STRUCTURE AND BODIES OF THE NATIONAL BANK OF KAZAKHSTAN. PROCEDURE FOR THEIR FORMATION; THEIR JURISDICTION**

*Part three of Article 12 has been deleted pursuant to the legally effective Decree of the President of the RK No. 2830, dated January 27, 1996; amendments have been made pursuant to Law of the RK No. 154-1, dated June 11, 1997, and Law of the RK No. 436-1, dated July 16, 1999.*

#### **Article 12. Structure and Bodies of the National Bank of Kazakhstan**

The National Bank of Kazakhstan shall represent a unified centralized structure with a vertical hierarchy.

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

The structure of the National Bank of Kazakhstan shall include a central office consisting of departments and other subdivisions, and branch offices, representative offices, and organizations.

*Article 13 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 4 [sic], 1995; the legally effective Decree of the President of the RK No. 2830, dated January 27, 1996; and Law of the RK No. 154-1, dated June 11, 1997.*

#### **Article 13. Chairman of the National Bank of Kazakhstan**

The Chairman of the National Bank of Kazakhstan shall be appointed by the President of the Republic of Kazakhstan, with the consent of Parliament, for a term of 6 years.

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

The Chairman of the National Bank of Kazakhstan shall be vested with the authority to make operational and executive/administrative decisions on matters concerning the activities of the National Bank of Kazakhstan, with the exception of powers

reserved by this law for the Executive Board of the National Bank of Kazakhstan, and to enter into agreements on behalf of the National Bank of Kazakhstan. The Chairman of the National Bank of Kazakhstan shall be responsible for the operations of the National Bank of Kazakhstan.

**Article 14.** Deputy Chairmen of the National Bank of Kazakhstan

Deputy Chairmen of the National Bank of Kazakhstan shall be appointed by the President of the Republic of Kazakhstan upon the advice of the Chairman of the National Bank of Kazakhstan for a term of 6 years, regardless of the term of appointment of the Chairman of the National Bank of Kazakhstan.

Deputy Chairmen shall represent the National Bank of Kazakhstan without a power of attorney and shall sign documents within the bounds of their authority.

*Article 15 has been amended pursuant to the legally effective Decrees of the President of the RK No. 2672, dated December 5, 1995, and No. 2830, dated January 27, 1996, and Laws of the RK No. 50-1, dated December 7, 1996, No. 154-1, dated June 11, 1997; No. 154-1, dated July 11, 1997; No. 236-1, dated June 29, 1998; No. 436-1, dated July 16, 1999; No. 162-II, dated March 2, 2001; No. 182-II, dated May 3, 2001; No. 483-II, dated July 10, 2003; No. 577-II, dated July 7, 2004; No. 13-III, dated December 20, 2004 (effective as of January 1, 2005); Law of the RK No. 69-III, dated July 8, 2005; Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006); Law of the RK No. 222-III, dated January 12, 2007 (put into effect as of August 10, 2007).*

**Article 15.** Executive Board of the National Bank of Kazakhstan

The higher body of the National Bank of Kazakhstan shall be the Executive Board. The principal functions of the Executive Board of the National Bank of Kazakhstan shall be:

- a) to approve state monetary policy;
- b) to affirm legal regulatory acts of the National Bank of Kazakhstan concerning specific issues of banking operations, accounting, payments and money transfers, the circulation of bills, and the execution of exchange transactions, and oversee compliance with them;
- b-1) to establish procedures for issuing powers of attorney to perform transactions in banks;
- c) to determine the nominal values and designs of banknotes and coins based on the Model approved by the President of the Republic of Kazakhstan, make decisions on releasing banknotes and coins in the national currency of the Republic of Kazakhstan and replacing banknotes and coins when changes are made to their design or form, and also to establish a procedure for exchanging worn and damaged banknotes and coins;
- c-1) to determine the themes, production quantity, metal composition, and the time period and date of release of collectors' and investment coins;
- c-2) to make decisions on minting collectors' coins ordered by other countries;
- c-3) to define procedures for the sale and return purchase of banknotes and coins by the National Bank of Kazakhstan;
- d) to set the official refinancing rate;
- e) *Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003;*

f) to make the decisions on the issuance, suspension, and revocation of a license to perform the encashment of banknotes, coins, and valuables;

f-1) to define the terms for opening bank accounts in the National Bank of Kazakhstan for legal entities that are not banks;

f-2) to define the terms for restructuring debts owed by banks and other organizations to the National Bank of Kazakhstan on credits granted by the National Bank of Kazakhstan;

f-3) *Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003;*

f-4) to approve requirements for the security features of bill paper produced within or brought into the Republic of Kazakhstan, as well as technical requirements of bill paper;

g) to approve standards for minimum reserve requirements for banks;

g-1) to establish the minimum amount and procedures for forming the authorized capital of legal entities engaged, under a license issued by the National Bank of Kazakhstan, in encashment operations, as well as legal entities engaged exclusively in organizing exchange transactions with foreign currency;

h) to define the basic principles of managing gold and foreign exchange assets;

h-1) to define activities categorized as monetary;

i) *Deleted pursuant to Law of the RK No. 69-III, dated July 8, 2005*

i-1) *Deleted pursuant to Law of the RK No. 165-III, dated July 5, 2006 (made effective as of July 1, 2006)*

j) to review, adopt, and submit the annual report on the operations of the National Bank of Kazakhstan to the President of the Republic of Kazakhstan for approval;

j-1) to review, approve, and submit the structure, total staff size, and wage payment system of the National Bank of Kazakhstan, as well as the Regulation on the National Bank of Kazakhstan with amendments, to the President of the Republic of Kazakhstan for approval;

j-2) to approve the overall funding amount for the authorized body, as advised by its senior officer;

k) to review and approve the annual consolidated financial reports of the National Bank of Kazakhstan;

l) to approve the budget expenditure estimate of the National Bank of Kazakhstan and legal regulatory acts regarding its use and procedures for forming its authorized and reserve capital and managing fixed assets and other property of the National Bank of Kazakhstan;

L-1) *Deleted pursuant to Law of the RK No. 165-III, dated July 5, 2006 (made effective as of July 1, 2006)*

m) *Deleted pursuant to Law of the RK No.483-II, dated July 10, 2003*

- n) to define and approve the terms of work, wage payment, social and consumer support, skill enhancement and retraining for employees of the National Bank of Kazakhstan and its branch offices, representative offices, and organizations;
- o) to make decisions on the National Bank of Kazakhstan's participation in international and other organizations pursuant to this Law;
- o-1) to make decisions on creating advisory bodies of the National Bank of Kazakhstan;
- p) approve the composition of the Board of Directors (Directorate) of the National Bank of Kazakhstan;
- q) *Deleted pursuant to Law of the RK No. 165-III, dated July 5, 2006 (made effective as of July 1, 2006)*
- r) *Deleted pursuant to Law of the RK No.483-II, dated July 10, 2003*
- s) to approve rules for the conduct of the investment operations of the National Fund of the Republic of Kazakhstan, and approve reports on the results of the fiduciary management of the National Fund of the Republic of Kazakhstan, submitted to the Government of the Republic of Kazakhstan;
- s-1) to approve rules for converting and reconverting assets of the National Fund of the Republic of Kazakhstan;
- s-2) to approve rules defining procedures for selecting external administrators of the assets of the National Fund of the Republic of Kazakhstan;
- s-2) to approve rules defining procedures for applying measures of influence and sanctions against banks and organizations performing certain types of banking transactions, on matters the regulation of which is assigned to the purview of the National Bank of Kazakhstan;
- t) to present information on the results of the fiduciary management of the National Fund of the Republic of Kazakhstan to the Parliament of the Republic of Kazakhstan on a yearly basis;
- u) to identify an official at a level no lower than Deputy Chairman of the National Bank of the Republic of Kazakhstan, whose powers shall include making operational decisions on the fiduciary management of the National Fund of the Republic of Kazakhstan (plenipotentiary representative);
- v) to establish the amount of undistributed net income that shall be channeled to forming authorized and/or reserve capital, pursuant to Article 11 of this Law;
- w) *Deleted pursuant to Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006)*

The Executive Board of the National Bank of Kazakhstan shall adopt resolutions on matters assigned to its purview.

Members of the Executive Board of the National Bank of Kazakhstan shall be responsible for decisions adopted by the Executive Board, even if they did not vote to adopt them, if they did not promptly state their disagreement with a decision that was adopted.

*Article 16 is set forth as in the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995, and amended pursuant to Law of the RK No. 154-1, dated July 11, 1997, and Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006)*

**Article 16.** Composition of the Executive Board of the National Bank of Kazakhstan

The Executive Board of the National Bank of Kazakhstan shall consist of 9 persons. The Executive Board of the National Bank of Kazakhstan shall include the Chairman of the National Bank of Kazakhstan and four officials of the National Bank of Kazakhstan, one representative from the President of the Republic of Kazakhstan and two representatives from the Government of the Republic of Kazakhstan, as well as the senior officer of the authorized body.

The members of the Executive Board of the National Bank of Kazakhstan from the President of the Republic of Kazakhstan, the Government of the Republic of Kazakhstan, and the National Bank of Kazakhstan shall be appointed and released, respectively, by the President of the Republic of Kazakhstan, the Government of the Republic of Kazakhstan, and the Chairman of the National Bank of Kazakhstan.

*Article 17 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997, and Law of the RK No. 436-1, dated July 16, 1999*

**Article 17.** Meetings of the Executive Board of the National Bank of Kazakhstan

Meetings of the Executive Board of the National Bank of Kazakhstan shall be held as needed, but not less than once per month.

Extraordinary meetings of the Executive Board of the National Bank of Kazakhstan shall be held at the request of the Chairman of the National Bank of Kazakhstan or three members of the Executive Board.

Members of the Executive Board of the National Bank of Kazakhstan shall be informed in a timely manner of scheduled meetings of the Executive Board.

Meetings of the Executive Board of the National Bank of Kazakhstan shall be led by the Chairman of the National Bank of Kazakhstan or, in his absence, by the person replacing him.

The Executive Board shall be entitled to adopt decisions with the participation of at least two thirds of the Executive Board's members, among whom must be the Chairman of the National Bank of Kazakhstan or the person replacing him.

Decisions of the Executive Board shall be adopted by a simple majority vote of the Executive Board's members. In the event of a tie, the vote of the Chairman of the National Bank of Kazakhstan shall be deciding.

No later than one week following a vote, the Chairman of the National Bank of Kazakhstan may return a decision of the Executive Board with his objections for repeated deliberation and voting. If the Executive Board upholds the previously adopted decision by a vote of two-thirds of their total number, the Chairman of the National Bank of Kazakhstan shall sign the decision.

*Article 18 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995*

**Article 18.** Resignation and Dismissal from Office

The Chairman of the National Bank of Kazakhstan may submit his resignation by presenting a written statement to the President of the Republic of Kazakhstan two months before the resignation becomes effective.

The Chairman of the National Bank of Kazakhstan shall be dismissed from his office by the President of the Republic of Kazakhstan.

Deputy Chairmen shall be dismissed from their offices by the President of the Republic of Kazakhstan as advised by the Chairman of the National Bank of Kazakhstan.

Deputy Chairmen may submit their resignation by presenting a written statement to the President of the Republic of Kazakhstan, through the Chairman of the National Bank of Kazakhstan, two months before the resignation becomes effective.

*Article 19 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 4, 1995, and the Law of the RK No. 154-1, dated July 11, 1997; Law of the RK No. 436-1, dated July 16, 1999; Law of the RK No. 162-II, dated March 2, 2001; and Law of the RK No. 483-II, dated July 10, 2003*

**Article 19.** The Board of Directors of the National Bank of Kazakhstan and Its Powers

The operational managing body of the National Bank of Kazakhstan shall be the Board of Directors (Directorate) of the National Bank of Kazakhstan.

The composition of the Board of Directors shall include the Chairman of the National Bank of Kazakhstan, his deputies, and senior officers of structural subdivisions of the National Bank of Kazakhstan as advised by the Chairman of the National Bank of Kazakhstan. The composition of the Board of Directors of the National Bank of Kazakhstan shall be approved by the Executive Board of the National Bank of Kazakhstan.

The Chairman of the National Bank of Kazakhstan shall preside at meetings of the Board of Directors. Upon his orders, the Board of Directors may be led by a Deputy Chairman of the National Bank of Kazakhstan.

Pursuant to this Law, the Board of Directors shall make decisions on matters within the competence of the National Bank of Kazakhstan, with the exception of those matters falling under the authority of the Executive Board or Chairman of the National Bank of Kazakhstan (or the latter's deputies).

The Board of Directors shall adopt resolutions on matters assigned to its authority.

The Board of Directors shall determine the structure of the annual consolidated financial reporting of the National Bank of Kazakhstan.

*Part one of Article 20 is set forth as in the legally effective Decree of the President of the RK No. 2830, dated January 27, 1996; the article has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997*

**Article 20.** Branch Offices, Representative Offices, and Organizations of the National Bank of Kazakhstan

Branch offices and representative offices of the National Bank of Kazakhstan shall conduct their activities within the bounds of the powers established by the National Bank of Kazakhstan.

Organizations of the National Bank of Kazakhstan shall be legal entities and shall be created and cease their activities pursuant to statutes, taking into account the particulars established by this Law.

The National Bank of Kazakhstan shall make the decisions to create and terminate the activities of its organizations, shall be their founder and the authorized body of state exercising the functions of holder of right of state ownership in relation to them, including the authority to adopt decisions to change the legal status of the indicated organizations.

## **Chapter 5. COOPERATION BETWEEN THE NATIONAL BANK OF KAZAKHSTAN AND BODIES OF STATE AUTHORITY**

*Article 21 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 4, 1995, and the Law of the RK No. 154-1, dated July 11, 1997*

**Article 21.** Basic Principles of Cooperation

Within the bounds of the powers granted it by statute, the National Bank of Kazakhstan shall be independent in its activities. Bodies of representative and executive authority shall not be entitled to interfere in the activities of the National Bank of Kazakhstan or its branch offices, representative offices, and organizations in exercising its statutorily secured powers.

*Article 22 has been amended pursuant to Law of the RK No. 69-III, dated July 8, 2005.*

**Article 22.** The Government of the Republic of Kazakhstan and the National Bank of Kazakhstan

The National Bank of Kazakhstan shall coordinate its operations with the Government of the Republic of Kazakhstan. The National Bank of Kazakhstan and the Government shall be required to inform one another of actions proposed and results obtained that are of general state significance, and to hold regular consultations. In its operations, the National Bank of Kazakhstan shall take into account the Government's economic policy and shall assist in implementing it, unless this would conflict with the performance of its basic functions or the implementation of monetary policy.

The Chairman of the National Bank of Kazakhstan or one of his deputies may take part in Government meetings in a consultative capacity.

The Government shall not be liable for obligations of the National Bank of Kazakhstan, just as the National Bank of Kazakhstan shall not be liable for those of the Government, with the exception of cases when it assumes such liability.

*Article 23 is set forth as in the Law of the RK No. 154-1, dated July 11, 1997*

**Article 23.** National Bank of Kazakhstan as Bank, Financial Advisor, and Agent

The National Bank of Kazakhstan may act as bank, financial advisor, and agent of bodies of state, upon agreement with the latter.

*Article 24 is set forth as in Law of the RK No. 154-1, dated July 11, 1997, and amended pursuant to Law of the RK No. 200-1, dated December 8, 1997, and Law of the RK No. 483-II, dated July 10, 2003*

**Article 24.** National Bank of Kazakhstan as Bank of the Government of the Republic of Kazakhstan

Funds of the Government of the Republic of Kazakhstan shall be placed in the National Bank of Kazakhstan. The National Bank of Kazakhstan shall make payments, perform other operations with Government accounts, and provide it with other services.

Direct financing of the Government of the Republic of Kazakhstan by the National Bank of Kazakhstan shall not be allowed.

*Article 25 is set forth as in the Law of the RK No. 154-1, dated July 11, 1997*

**Article 25.** National Bank of Kazakhstan as Financial Advisor of the Government of the Republic of Kazakhstan

The National Bank of Kazakhstan shall act as financial advisor of the Government of the Republic of Kazakhstan in developing and implementing state borrowing policy and forming budget policy on issues related to the state's monetary policy.

*Article 26 is set forth as in the Law of the RK No. 154-1, dated July 11, 1997*



**Article 26.** National Bank of Kazakhstan as Agent of the Government of the Republic of Kazakhstan

The National Bank of Kazakhstan shall act as agent of the Government of the Republic of Kazakhstan on terms that shall be coordinated between the National Bank of Kazakhstan and the Government of the Republic of Kazakhstan.

As agent of the Government of the Republic of Kazakhstan, the National Bank of Kazakhstan shall, in coordination with the former, service the Government's state loans.

*Article 27 is set forth as in the Law of the RK No. 154-1, dated July 11, 1997, and amended pursuant to Law of the RK No. 483-II, dated July 10, 2003 and Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006).*

**Article 27.** Operations with State Securities Issued by Decision of the Government of the Republic of Kazakhstan

The National Bank of Kazakhstan shall be entitled to perform operations with state securities issued by decision of the Government of the Republic of Kazakhstan.

The National Bank of Kazakhstan shall not be entitled to acquire as its own property state securities of the central authorized body for budget execution when they are placed on the primary market.

The central authorized body for budget execution shall coordinate volumes of state security issues and repayments of the Government's state debt with the National Bank of Kazakhstan, taking into account their impact on banking system liquidity and the priorities of monetary policy and on the conditions of access for financial organizations to primary placements of state securities released by decision of the Government.

*Article 28 is set forth as in the Law of the RK No. 154-1, dated July 11, 1997, and Law of the RK No. 483-II, dated July 10, 2003, and amended pursuant to Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006).*

**Article 28.** Regulation of the Circulation of State Securities

The National Bank of Kazakhstan shall regulate the circulation of state securities of the Government of the Republic of Kazakhstan and local executive bodies, in coordination with the central authorized body for budget execution.

## Chapter 6. MONETARY POLICY

*Article 29 is set forth as in Law of the RK No. 483-II, dated July 10, 2003 (see old version); Article 29 has been amended pursuant to Law of the RK No. 69-III, dated July 8, 2005*

**Article 29.** Development and Implementation of Monetary Policy

The National Bank of Kazakhstan shall be the sole body that shall define and conduct the state monetary policy of the Republic of Kazakhstan. The National Bank of Kazakhstan shall conduct monetary policy with the goal of ensuring price stability.

Monetary policy shall be conducted by means of establishing:

- the official refinancing rate;
- levels of fee rates for the principal monetary policy transactions;



- standards for minimum reserve requirements;
- in extraordinary cases, direct quantitative restrictions on the level and volumes of certain types of transactions.

*Article 30 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997; the article is set forth as in Law of the RK No. 483-II, dated July 10, 2003*

**Article 30.** Types of Monetary Policy Operations

For purposes of implementing monetary policy, the National Bank of Kazakhstan shall perform the following types of operations:

- 1) extend loans;
- 2) accept deposits;
- 3) exchange market interventions;
- 4) issue short-term notes of the National Bank of Kazakhstan;
- 5) purchase and sell state and other securities, including with right of return purchase;
- 6) rediscount commercial bills;
- 7) other transactions as decided by the Executive Board of the National Bank of Kazakhstan.

*Article 31 is set forth as in Law of the RK No. 154-1, dated July 11, 1997, and Law of the RK No. 483-II, dated July 10, 2003*

**Article 31.** Official Refinancing Rate

The National Bank of Kazakhstan shall establish the official refinancing rate subject to the overall condition of the monetary market, supply and demand for loans, the inflation level, and inflation expectations.

The National Bank of Kazakhstan shall rediscount commercial bills in accordance with the official refinancing rate.

The official refinancing rate shall be the benchmark for fee rates for the principal monetary policy transactions.

*Article 32 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997; Article 32 is set forth as in Law of the RK No. 69-III, dated July 8, 2005*

**Article 32.** Reserve Requirements

For purposes of regulating the volumes and rates of fees for deposits and loans of banks, the National Bank of Kazakhstan shall use standards for minimum reserve requirements.

Standards for minimum reserve requirements shall be calculated by the National Bank of Kazakhstan as a percentage of banks' total liabilities.

The structure of the bank liabilities that are used for calculation, conditions for meeting minimum reserve requirements and procedures for reserving them, as well as

the standards for minimum reserve requirements, shall be established by the National Bank of Kazakhstan.

Changes to the standards for minimum reserve requirements shall be put into effect no earlier than one month from the day the decision to introduce them is adopted.

Banks shall bear liability as established by laws of the Republic of Kazakhstan for violations of the standards for minimum reserve requirements.

Within ten days from the day a liquidation commission chairman is appointed, the National Bank of Kazakhstan shall return the funds it had reserved to the bank's liquidation commission.

*Article 33 is set forth as in Law of the RK No. 483-II, dated July 10, 2003*

#### **Article 33.** Purchases and Sales of Securities

The National Bank of Kazakhstan shall purchase and sell state and other securities within the framework of overall monetary policy.

*Article 34 is set forth as in Law of the RK No. 154-1, dated July 11, 1997, and Law of the RK No. 483-II, dated July 10, 2003*

#### **Article 34.** Fee Rates for Principal Monetary Policy Operations

The National Bank of Kazakhstan shall establish fee rates for the principal monetary policy operations, for purposes of influencing market fee rates on the financial market, within the framework of the monetary policy being implemented.

*Article 35 has been amended by the legally effective Decree of the President of the RK No. 2830, dated January 27, 1996; Law of the RK No. 154-1, dated July 11, 1997; and Law of the RK No. 483-II, dated July 10, 2003*

#### **Article 35.** Loans

The National Bank of Kazakhstan shall regulate the overall volume of borrowing by banks in accordance with the approved benchmarks of monetary policy.

The procedures, conditions of extension and repayment, types, maturity dates, and limits of loans extended to banks shall be determined by the National Bank of Kazakhstan.

The National Bank of Kazakhstan shall extend loans – those secured by highly liquid and riskless securities and other assets as well as unsecured loans – for a term of not more than one year. This term may be extended by the Executive Board of the National Bank of Kazakhstan. At the same time, the National Bank of Kazakhstan may extend loans to banks in the capacity of lender of last resort, following the procedures, conditions, and terms established by the Executive Board of the National Bank of Kazakhstan.

Collateral used to secure the fulfillment of obligations on loans of the National Bank of Kazakhstan may be property stipulated by legal regulatory acts of the National Bank of Kazakhstan.

*Article 36 is set forth as in Law of the RK No. 483-II, dated July 10, 2003*

#### **Article 36.** Exchange Market Interventions

Exchange market interventions of the National Bank of Kazakhstan shall be carried out independently, by means of purchasing and selling foreign currency and performing other types of exchange transactions on the interbank or stock market for the purpose of affecting the exchange rate of the Kazakhstan tenge.

Exchange market interventions of the National Bank of Kazakhstan shall be conducted in the framework of overall monetary policy.

*The law has been supplemented by Article 36-1 pursuant to Law of the RK No. 483-II, dated July 10, 2003*

**Article 36-1.** Deposits

The procedures, conditions for attraction and repayment, maturity dates, and limits on the attraction of deposits shall be defined by the National Bank of Kazakhstan. The National Bank of Kazakhstan may attract deposits both in the national and in foreign currency.

*The law has been supplemented by Article 36-2 pursuant to Law of the RK No. 483-II, dated July 10, 2003*

**Article 36-2.** Short-term notes of the National Bank of Kazakhstan

Short-term notes of the National Bank of Kazakhstan shall be state securities issued by the National Bank of Kazakhstan.

Procedures and conditions for the release, placement, circulation, and repayment of short-term notes shall be defined by the National Bank of Kazakhstan.

Pursuant to the goals of monetary policy, the National Bank of Kazakhstan shall be entitled to issue short-term notes both in the national and in foreign currency.

*The law has been supplemented by Article 36-3 pursuant to Law of the RK No. 483-II, dated July 10, 2003*

**Article 36-3.** Rediscounting of Commercial Bills

The National Bank of Kazakhstan shall establish a procedure for rediscounting commercial bills and the conditions required to accept commercial bills for rediscounting by the National Bank of Kazakhstan.

*Article 37 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997*

**Article 37.** Quantitative Restrictions on Banks' Operations

"Direct quantitative restrictions of the National Bank of Kazakhstan" shall be understood to mean ceilings on rates for certain types of operations and transactions, direct limitations on lending, the freezing of fee rates, and direct regulation of specific types of credit for purposes of stimulating or restraining the development of certain branches.

The National Bank of Kazakhstan may apply direct quantitative restrictions if it is impossible to halt inflationary processes through indirect methods of monetary regulation.

## **Chapter 7. MONETARY CIRCULATION AND THE CURRENCY UNIT**

**Article 38.** Currency Unit

The currency unit (national currency) of the Republic of Kazakhstan shall be the Kazakhstan tenge. The Kazakhstan tenge shall consist of 100 tiyns.

Currency of the Republic of Kazakhstan in circulation shall consist of banknotes and coins.

The relative quantities of banknote and coin denominations shall be determined by the National Bank of Kazakhstan.

*Article 39 is set forth as in Law of the RK No. 154-1, dated July 11, 1997*

**Article 39.** Legal Tender

Legal tender in the Republic of Kazakhstan shall be the Kazakhstan tenge, except in cases stipulated by statutes or legal regulatory acts of the National Bank of Kazakhstan.

*Article 40 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997; Article 40 is set forth as in Law of the RK No. 69-III, dated July 8, 2005*

**Article 40.** Release of Banknotes and Coin

The National Bank of Kazakhstan exclusively shall release banknotes and coin and arrange for their circulation and removal from circulation within the Republic of Kazakhstan.

The National Bank of Kazakhstan shall release banknotes and coin into circulation by selling them to individuals and legal entities.

*Article 41 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997*

**Article 41.** Guarantee of the Unit of Currency

Banknotes and coin of the National Bank of Kazakhstan shall be unconditional obligations of the National Bank of Kazakhstan and shall be guaranteed with all its assets.

The National Bank of Kazakhstan shall regularly publish a bulletin in the mass information media on the size of gold and foreign exchange assets.

*Article 42 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997, and Law of the RK No. 69-III, dated July 8, 2005*

**Article 42.** Production and Characteristics of Banknotes and Coins

The National Bank of Kazakhstan shall identify demand for the necessary quantity of banknotes and coins, provide for their manufacture, and establish a procedure for the storage, destruction, and collection of cash money.

Coins shall be divided into the following types:

- investment coins: coins that are made from precious metals and are an object of investment and savings;
- collectors' coins: commemorative, memorial, and other specially minted coins that are produced in limited editions from both precious and base metals and are an object of collecting and savings;
- circulating coins: coins made of base metals and designed for cash circulation.

Banknotes and coins released in the Republic of Kazakhstan must have a nominal composition, form, and ornamental design. The indicated characteristics of banknotes and coins shall be published in the press.

*Article 43 has been amended pursuant to Law of the RK No. 436-1, dated July 16, 1999*

**Article 43.** Requirements for Accepting Banknotes and Coins

It shall be mandatory to accept banknotes and coins released into circulation by the National Bank of Kazakhstan at their face value throughout the Republic of Kazakhstan for all types of payments, and also for depositing into bank accounts and for transfer. They shall be changed and exchanged without restriction in all banks of the Republic of Kazakhstan.

No one other than the National Bank of Kazakhstan shall declare banknotes or coins released by the National Bank of Kazakhstan to be invalid.

*The law has been supplemented by Article 43-1 pursuant to Law of the RK No. 69-III, dated July 8, 2005*

**Article 43-1.** Sales and Return Purchase of Banknotes and Coins by the National Bank of Kazakhstan

The National Bank of Kazakhstan shall sell and buy back banknotes and circulating coin at their face value.

The National Bank of Kazakhstan shall sell and buy back investment and collectors' coins under the procedure established by legal regulatory acts of the National Bank of Kazakhstan.

*Article 44 is set forth as in the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995*

**Article 44.** Right to Replace the Currency Unit

The President of the Republic of Kazakhstan shall have the right to replace the currency unit. The President of the Republic of Kazakhstan shall define the regulations, durations, and functioning conditions of the currency unit of the Republic of Kazakhstan.

**Article 45.** Replacement of Banknotes and Coins

A procedure for determining the fitness for use and redemption of used banknotes and coins shall be established by the National Bank of Kazakhstan and published in the press.

*Article 46 has been amended pursuant to Law of the RK No. 436-1, dated July 16, 1999; the article is set forth as in Law of the RK No. 483-II, dated July 10, 2003*

**Article 46.** Worn and Damaged Banknotes

Worn and damaged banknotes that have retained at least seventy percent of their full size shall be exchanged without restrictions by the National Bank of Kazakhstan and banks of the Republic of Kazakhstan.

Worn and damaged banknotes that have retained over fifty percent shall be accepted by the National Bank of Kazakhstan and exchanged pursuant to rules established by it.

The National Bank of Kazakhstan shall not be required to provide compensation for lost or destroyed banknotes and coins.

*Article 47 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997*

**Article 47.** Liability for Unlawful Manufacture of Banknotes and Coins

Persons guilty of unlawful manufacture of banknotes and coins, or of carrying out unsanctioned releases of cash, shall bear criminal and property liability pursuant to statutes of the Republic of Kazakhstan.

*The law has been supplemented by Article 47-1 pursuant to Law of the RK No. 42-II, dated March 29, 2000, and amended pursuant to Law of the RK No. 483-II, dated July 10, 2003*

**Article 47-1.** Organization of Cash Services

The National Bank of Kazakhstan shall establish basic requirements for organizing cash services in banks and organizations engaged in certain types of banking transactions and their clients, and also for the safekeeping, transportation, and accounting of cash money by banks and organizations engaged in certain types of banking transactions.

*The title of Chapter 8 is worded as in the Law of the RK No. 436-1, dated July 16, 1999*

## **Chapter 8. ORGANIZATION OF PAYMENTS AND MONEY TRANSFERS**

*Article 48 is set forth as in the Law of the RK No. 436-1, dated July 16, 1999, and amended pursuant to Law of the RK No. 42-II, dated March 29, 2000 and Law of the RK No. 482-II, dated July 9, 2003; Article 48 is set forth as in Law of the RK No. 69-III, dated July 8, 2005*

**Article 48.** Powers of the National Bank of Kazakhstan in Organizing and Regulating Payments and Money Transfers and Payment Systems

The National Bank of Kazakhstan shall organize, coordinate, and regulate the processing of payments and money transfers, and shall establish:

- 1) rules and particulars for using payment and/or money transfer methods, and basic requirements for the content of payment instructions;
- 2) procedures and conditions for making payments with cash.

The National Bank of Kazakhstan shall adopt legal regulatory acts directed at ensuring the effectiveness and functional reliability of payment systems within the Republic of Kazakhstan.

For purposes of overseeing the performance of payment systems, the National Bank of Kazakhstan shall be entitled to:

- adopt legal regulatory acts defining conditions and procedures for organizing and operating payment systems;
- monitor the performance of payment systems and establish procedures for conducting such monitoring;
- audit the organization and performance of payment systems;
- obtain information from payment system users and operators;
- perform audits of the activities of payment system users, pursuant to legal regulatory acts of the National Bank of Kazakhstan.

Within the bounds of its authority, the National Bank of Kazakhstan may take part in organizing international (interstate) payment systems.

*The law was supplemented by Article 48-1 pursuant to Law of the RK No. 483-II, dated July 10, 2003*

**Article 48-1.**

*Deleted pursuant to Law of the RK No. 69-III, dated July 8, 2005*

*Article 49 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997*

**Article 49.** Accounts

The National Bank of Kazakhstan shall establish the types and legal status of bank accounts, and procedures and conditions for opening, using, and closing accounts.

*Article 50 is set forth as in the Law of the RK No. 436-1, dated July 16, 1999*

**Article 50.** Methods of Effecting Payments and Money Transfers

The methods of effecting payments and money transfers within the Republic of Kazakhstan shall be established by statutes and by legal regulatory acts of the Republic of Kazakhstan adopted pursuant to the latter.

**Article 51.**

*Deleted pursuant to Law of the RK No. 154-1, dated July 11, 1997*

**Chapter 9. OPERATIONS OF THE NATIONAL BANK OF KAZAKHSTAN**

*Article 52 is set forth as in the Law of the RK No. 436-1, dated July 16, 1999*

**Article 52.** Holders of Bank Accounts in the National Bank of Kazakhstan

Legal entities that have opened accounts with the National Bank of Kazakhstan following the procedure established by the Executive Board of the National Bank of Kazakhstan, as well as banks, shall be considered holders of accounts at the National Bank of Kazakhstan.

*The law was supplemented by Article 52-1 pursuant to Law of the RK No. 436-1, dated July 16, 1999, and amended by Law of the RK No. 483-II, dated July 10, 2003, and Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006)*

**Article 52-1.** Operations and Transactions of the National Bank of Kazakhstan in the National Currency

The National Bank of Kazakhstan shall carry out the following operations in the national currency:

- 1) it shall extend credits for a term of not more than one year to holders of bank accounts opened in the National Bank of Kazakhstan, against security of highly liquid, riskless securities and other assets, with the exception of cases stipulated by this Law;
- 2) it shall rediscount commercial bills of first-rate bill issuers with a maturity date of no more than one year;
- 3) it shall purchase and sell state securities;
- 4) it shall purchase and sell certificates of deposit and debt securities which the National Bank of Kazakhstan considers suitable for securing credits;
- 5) it shall accept deposits, process payments and money transfers, and accept securities and other valuables for safekeeping and management;
- 6) it shall perform operations with derivative financial instruments;
- 7) when needed, it shall open accounts in banks and financial organizations within and outside the Republic of Kazakhstan;
- 8) it shall write checks and issue bills;
- 9) it shall conduct other banking operations, as well as transactions on its own behalf, that are consistent with its functions, unless explicitly prohibited by this Law.

**Article 53.**

*Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003*

*Article 54 has been amended pursuant to the legally effective Decrees of the President of the RK No. 2672, dated December 5, 1995, and No. 2830, dated January*

27, 1999,; and Laws of the RK No. 154-1, dated July 11, 1997, and No. 436-1, dated July 16, 1999

**Article 54.** Restrictions on Operations of the National Bank of Kazakhstan

The National Bank of Kazakhstan may not:

- provide services to organizations or purchase shares of stock in legal entities, other than those cases where stipulated by this Law;
- engage in trade or other activities, with the exception of those permitted by acting law;
- extend credit without security, other than those cases directly stipulated by statutes of the Republic of Kazakhstan;
- renew granted credits or permit the renewal of bills that have expired.

Exceptions from the cases provided for in part one of this article may be made only upon a special decision of the Executive Board of the National Bank of Kazakhstan.

*The title of Chapter 10 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997*

**Chapter 10. ACTIVITIES OF THE NATIONAL BANK OF KAZAKHSTAN IN THE AREA OF  
FOREIGN ECONOMIC RELATIONS. OPERATIONS WITH FOREIGN EXCHANGE ASSETS**

**Article 55.**

*Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003 (see old version)*

*Article 56 has been amended pursuant to the legally effective Decree of the President of the RK No. 2396, dated August 2, 1995, and Laws of the RK No. 18-1, dated July 3, 1996; No. 154-1, dated July 11, 1997; No. 436-1, dated July 16, 1999; No. 162-II, dated March 2, 2001; No. 483-II, dated July 10, 2003; Law of the RK No. 69-III, dated July 8, 2005; Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006); Law of the RK No. 222-III, dated January 12, 2007 (put into effect as of August 10, 2007).*

**Article 56.** Foreign Exchange Regulation and Foreign Exchange Control

The National Bank of Kazakhstan:

- a) shall define the scope and regulations for the circulation of foreign currency and foreign currency securities in the Republic of Kazakhstan and introduce necessary restrictions on operations in foreign currency, including restrictions on the volumes of such operations and level of fee rates;
- b) shall establish rules for foreign exchange operations conducted by residents and non-residents in the Republic of Kazakhstan;
- c) shall establish procedures for the import, export, and shipping of foreign exchange assets into and from the Republic of Kazakhstan, and shall define procedures for residents of the Republic of Kazakhstan to open accounts in foreign banks;
- d) shall establish procedures for licensing of activities involving the use of foreign exchange assets, registering and reporting on foreign exchange operations, and registering exchange offices, and shall also issue registration certificates for exchange offices and suspend their operations pursuant to foreign exchange statutes of the Republic of Kazakhstan;
- e) shall set the official exchange rate of the national currency of the Republic of Kazakhstan to foreign currencies, following a list defined by the Executive Board of the National Bank of Kazakhstan;
- f) shall form and carry out operations with gold and foreign exchange assets;
- g) shall establish, in coordination with bodies of state according to their jurisdiction, procedures and forms for recording and reporting foreign exchange



operations that shall be binding upon residents and non-residents within the Republic of Kazakhstan;

h) *Deleted pursuant to Law of the RK No. 69-III, dated July 8, 2005*

i) may impose sanctions provided by banking and currency legislation in the event of violations by banks or other entities of the banking and currency legislation of the Republic of Kazakhstan;

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

k) shall attract foreign currency from foreign and international organizations, pursuant to agreements made by the state;

l) *Deleted pursuant to Law of the RK No. 69-III, dated July 8, 2005*

m) *Deleted pursuant to Law of the RK No. 69-III, dated July 8, 2005*

n) *Deleted pursuant to Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006)*

The National Bank of Kazakhstan may perform other functions in the realm of foreign exchange regulation and control, as provided in statutes of the Republic of Kazakhstan.

*Article 57 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995; by Laws of the RK No. 154-1, dated July 11, 1997; No. 436-1, dated July 16, 1999; and No. 162-II, dated March 2, 2001; and by Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006)*

#### **Article 57.** Operations with Foreign Exchange Assets and Precious Metals

The National Bank of Kazakhstan shall be entitled to perform the following operations with foreign exchange assets and precious metals:

- to purchase and sell foreign currency;
- to purchase, sell, or conduct operations with securities released and guaranteed by the Government of the Republic of Kazakhstan in foreign currency or by governments of other states or international financial organizations;
- to open accounts in banks, foreign central and other banks, and financial institutions possessing the corresponding rights under the statutes of the states in which they are registered, and also in international financial organizations;
- to open and maintain accounts and act as a representative or correspondent for a foreign central bank, banks, and other financial institutions possessing corresponding rights under the statutes of the states in which they are registered, foreign governments and their agents, and international financial organizations;
- to provide for the acceptance and storage of refined gold, precious metals, precious stones, and articles made from them;
- to carry out operations involving the purchase and sale of refined gold and other precious metals within the Republic of Kazakhstan and on the foreign market;
- under the procedures established by acting statutes, to import foreign exchange assets and precious metals into the Republic of Kazakhstan, and also export them abroad to be placed in its accounts in foreign banks and specialized financial organizations;
- to purchase, sell, or carry out operations with securities released by issuers having a minimum credit rating that shall be defined by the Executive Board of the National Bank of Kazakhstan;

- perform operations with money market instruments such as interbank deposits, repos and reverse repos, certificates of deposit, commercial securities, and other debt obligations released by issuers having a minimum credit rating that shall be defined by the Executive Board of the National Bank of Kazakhstan;
- perform operations with derivative financial instruments, such as forward operations, swap operations, and option operations with contracting partners having credit ratings no lower than those defined by the Executive Board of the National Bank of Kazakhstan;
- perform other operations by decision of the Executive Board of the National Bank of Kazakhstan.

*Article 58 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995, and by Law of the RK No. 154-1, dated July 11, 1997; Law of the RK No. 436-1, dated July 16, 1999; and by Law of the RK No. 483-II, dated July 10, 2003*

**Article 58. Gold and Foreign Exchange Assets**

The gold and foreign exchange assets of the National Bank of Kazakhstan shall be created and used to ensure the domestic and foreign stability of the Kazakhstan tenge, and shall consist of:

- refined gold;
- foreign exchange assets stored in the National Bank of Kazakhstan;
- promissory notes and bills of exchange in foreign currency;
- securities released and guaranteed for foreign governments or international financial organizations;
- other foreign assets denominated in foreign currency, provided that the liquidity and security of such assets is guaranteed.

The National Bank of Kazakhstan shall determine the structure of gold and foreign exchange assets and their placement.

Gold and foreign exchange assets may not be used to issue credits or loans or to extend guarantees or other liabilities to residents or nonresidents of the Republic of Kazakhstan, with the exception of cases stipulated by a decision of the Executive Board of the National Bank of Kazakhstan.

The National Bank of Kazakhstan shall increase and alter the structure of gold and foreign exchange assets through:

- purchases of refined gold pursuant to acting laws of the Republic of Kazakhstan regulating relationships involving precious metals and precious stones held by Kazakhstan and other producers (sellers) of the indicated metal;
- purchases of foreign currency for Kazakhstan tenge (including commemorative and souvenir coins) and foreign currency from residents and non-residents of the Republic of Kazakhstan, as well as from the Government of the Republic of Kazakhstan;
- receipts of commissions and other fees from deposit, investment, and dealer operations with foreign currency and operations with securities denominated in foreign currency, performed by the National Bank of Kazakhstan, as well as credits extended by it in foreign currency;
- receipts in foreign currency from sales conducted by the National Bank of Kazakhstan, deposits, and other operations with refined gold, silver, platinum, and other metals of the platinum group;
- credits received by the National Bank of Kazakhstan from international financial organizations, central banks of foreign states, and other creditors;
- receipts in foreign currency from consulting, informational and publishing, and other services pursuant to this Law and the Regulation on the National Bank of Kazakhstan.

The National Bank of Kazakhstan shall reduce gold and foreign exchange assets through:

- selling currency on the domestic currency market for purposes of conducting monetary policy, including exchange rate policy, and smoothing imbalances of supply and demand for foreign currency on the domestic currency market;
- converting tenge into foreign currency to pay for imports of products (work, services), including the maintenance of diplomatic and other representative offices abroad and official travel expenses, as well as for servicing the state foreign debt of the National Bank of Kazakhstan, using state budget funds and the (budget) estimate of the National Bank of Kazakhstan;
- selling foreign currency in order to purchase a different foreign currency;
- repaying the principal and fees on credits received by the National Bank of Kazakhstan, as well as payments of commissions and other concomitant expenses;
- writing off unprofitable gold and foreign exchange assets at the expense of formed provisions (reserves).

*Article 59 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997, and set forth as in the Law of the RK No. 69-III, dated July 8, 2005; amended pursuant to Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006)*

#### **Article 59.** Liquidity and Security of Gold and Foreign Exchange Assets

The National Bank of Kazakhstan shall perform operations with gold and foreign exchange assets, ensuring their liquidity and security, as well as a long-term yield with a moderate level of risk.

The National Bank of Kazakhstan must support gold and foreign exchange assets at the level needed to ensure that the national currency is stable and convertible, and that payments are made on obligations of the Republic of Kazakhstan.

*Article 60 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997; the article is set forth as in Law of the RK No. 483-II, dated July 10, 2003 and Law of the RK No. 69-III, dated July 8, 2005*

#### **Article 60.** Gold and Foreign Exchange Asset Revaluation Account

Differences in exchange rates on gold and foreign exchange assets that result from changes in the valuation of the assets or liabilities of the National Bank of Kazakhstan shall be charged to the accounts for unrealized income or expenses for the reporting period in which they arose. During the fiscal year, the amount of realized income or expenditures, calculated pursuant to legal regulatory acts of the National Bank of Kazakhstan, shall be channeled to the respective income and expenditure accounts for the reporting period. Based on the results of the completed fiscal year, unrealized income and expenditures shall be charged to the respective revaluation accounts. If there are no balances in the revaluation accounts by types of gold and foreign exchange assets, the resulting foreign exchange loss shall be charged to expenditures for the reporting period.

Realized income from the revaluation of gold and foreign exchange assets shall be directed in full to increasing reserve capital.

### **Chapter 11. MONITORING AND OVERSIGHT FUNCTIONS OF THE NATIONAL BANK OF KAZAKHSTAN**

*Article 61 has been amended pursuant to Law of the RK No. 154-1, dated July 11, 1997, and Law of the RK No. 483-II, dated July 10, 2003, and set forth as in Law of the RK No. 69-III, dated July 8, 2005.*

**Article 61.** Principles of Regulation and Oversight by the National Bank of Kazakhstan

The National Bank of Kazakhstan shall participate in regulating and overseeing the activities of financial organizations and shall apply measures of influence and sanctions pursuant to the statutes of the Republic of Kazakhstan. In imposing sanctions, within the bounds of its authority, on banks and organizations engaged in specific types of banking operations, the National Bank of Kazakhstan shall inform the authorized body of this fact.

The regulatory functions of the National Bank of Kazakhstan shall be directed at promoting the stability of the financial system of the Republic of Kazakhstan.

The National Bank of Kazakhstan shall not interfere in the operational activities of financial organizations.

In performing its functions, the National Bank of Kazakhstan shall be entitled to request and obtain statistical reports and other additional information from bodies of state, financial and other organizations, and also associations (unions) thereof.

*Article 62 has been amended pursuant to laws of the RK No. 50-1, dated December 7, 1996; No. 154-1, dated July 11, 1997; No. 162-II, dated March 2, 2001; and No. 482-II, dated July 9, 2003, and is set forth as in Law of the RK No. 483-II, dated July 10, 2003; it has been amended pursuant to Law of the RK No. 69-III, dated July 8, 2005 and Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006).*

**Article 62.** Basic Powers of the National Bank of Kazakhstan to Regulate and Oversee the Activities of Financial Organizations

The National Bank of Kazakhstan shall perform licensing, monitoring, and oversight of financial organizations pursuant to this Law and other statutes of the Republic of Kazakhstan.

For these purposes that National Bank of Kazakhstan shall be empowered to:

- 1) adopt legal regulatory acts that shall be binding upon financial organizations and their clients;
- 2) define the terms and procedures for issuing licenses to financial organizations to conduct banking operations in cases stipulated by statutes of the Republic of Kazakhstan;
- 2-1) define procedures for conducting banking operations, as well as the terms and procedures for issuing conclusions to the authorized body in cases stipulated by statutes of the Republic of Kazakhstan;
- 3) audit the activities of financial organizations and other entities on issues assigned to the jurisdiction of the National Bank of Kazakhstan;
- 4) where stipulated by statutes of the Republic of Kazakhstan, obtain information from bodies of state, organizations, and citizens that is needed in order to perform its monitoring and supervisory functions;

The National Bank of Kazakhstan shall cooperate with the authorized body and with the central banks and oversight bodies of other states, and shall be entitled to exchange information needed to exercise their monitoring functions.

*The law was supplemented by Article 62-1 pursuant to Law of the RK No. 436-1, dated July 16, 1999*

**Article 62-1.**

*Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003*

*The law has been supplemented by Article 62-2 pursuant to Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006).*

**Article 62-2.** Performance of the Monitoring Functions of the National Bank of Kazakhstan

The National Bank of Kazakhstan shall perform monitoring functions in matters the regulation of which is assigned to its jurisdiction pursuant to this Law and other statutes of the Republic of Kazakhstan, by means of:

- 1) conducting preliminary inspections of the technical equipping of the premises and equipment of banks and organizations engaged in specific types of banking operations, where stipulated by legal regulatory acts of the Republic of Kazakhstan;
- 2) establishing compliance with qualifications requirements;
- 3) conducting field or document audits of:
  - financial organizations and entities engaged in foreign exchange operations and activities involving the use of foreign exchange assets within the Republic of Kazakhstan, as to their compliance with statutory requirements of the Republic of Kazakhstan;
  - organizations engaged in specific types of banking operations under licenses of the National Bank of Kazakhstan, in order to study their activities as a whole or on specific issues, and also to study the accuracy of reports and information submitted by them to the National Bank of Kazakhstan.

*The law has been supplemented by Article 62-3 pursuant to Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006).*

**Article 62-3.** Particulars of the Procedures for Organizing and Conducting Audits by the National Bank of Kazakhstan

1. Audits of the activities of financial organizations (or branches thereof), and of entities engaged in foreign exchange operations and activities involving the use of foreign exchange assets within the Republic of Kazakhstan, shall be conducted by the National Bank of Kazakhstan pursuant to statutes of the Republic of Kazakhstan regulating matters of entrepreneurship and licensing, taking into account the particulars stipulated in this Article, independently or by enlisting specialists of other bodies of state and/or organizations.
2. Audits conducted by the National Bank of Kazakhstan shall be subdivided into the following types:
  - 1) planned: audits of financial organizations (or branches thereof) and of other entities engaged in foreign exchange operations and activities involving the use of foreign exchange assets within the Republic of Kazakhstan, not more than once per year pursuant to the audit plans of the National Bank of Kazakhstan;
  - 2) extraordinary: audits scheduled concerning facts described in statements of individuals and legal entities to media publications, upon requests from other bodies of state of the Republic of Kazakhstan, upon receiving information and materials attesting to violations of the requirements of laws of the Republic of Kazakhstan, upon the existence of a threat to the national and economic security of the Republic of Kazakhstan or the stability of its financial system, and also for purposes of monitoring the elimination of previously discovered violations of laws of the Republic of Kazakhstan.
3. Audit plans shall be prepared on a quarterly basis and approved by the Chairman of the National Bank of Kazakhstan.
4. The National Bank of Kazakhstan may inform the audited entity in writing of an upcoming audit, indicating a list of documents (information) that the audited entity will be required to submit to the auditing group by the commencement of the audit.

The commencement of an audit shall be considered to be the moment the audited entity is served with an audit notice approved by the Deputy Chairman of the National Bank of Kazakhstan or the senior official of a regional branch of the National Bank of Kazakhstan.

5. Audits shall be conducted under an audit notice of the National Bank of Kazakhstan.

The audit notice shall indicate:

- 1) the number and date of the notice;
- 2) the name of the body that appointed the audit;
- 3) the complete name and position of the person(s) authorized to conduct the audit;
- 4) the name of audited entity regarding which the audit is scheduled, its location and taxpayer registration number, as well as other information required to register audits with the body of state that performs statistical operations, within the limits of its purview, in the area of legal statistics and special accounting;
- 5) the type of audit (planned, extraordinary);
- 6) the issues to be verified;
- 7) the duration of the audit;
- 8) the legal basis for conducting the audit, including legal regulatory acts, the mandatory requirements of which are subject to audit;
- 9) the audited period, with the exception of audits based on written statements from individuals or legal entities, or those conducted for purposes of monitoring the elimination of previously discovered violations of laws of the Republic of Kazakhstan;
- 10) the signature of a person authorized to sign acts, indicating their position, last name and initials, and seal.

6. The audit notice must be registered in the body of state that carries out statistical operations within the limits of its purview, in the area of legal statistics and special accounting, under the procedures established by laws of the Republic of Kazakhstan.

7. Officials of the National Bank of Kazakhstan arriving at a site for an audit shall be required to present an audit notice with a notation regarding [its] registration with the body of state that carries out statistical operations within the limits of its purview in the area of legal statistics and special accounting, and official identification.

8. In the event of a refusal to accept the audit notice, or obstruction of access by the officials of the National Bank of Kazakhstan performing an audit to materials needed to conduct the audit, a corresponding report shall be drawn up. The report shall be signed by the official of the National Bank of Kazakhstan performing the audit and by an authorized employee of the audited person.

9. An audit may be conducted only by the official(s) who is/are indicated in the audit notice.

10. No later than the day following receipt of an audit act the National Bank of Kazakhstan, the audited entity shall present a letter to the head of the auditing group, indicating information on:

- 1) the senior official responsible for facilitating the audit, and his replacement;
- 2) specialists of the audited entity who are responsible for preparing the requisite documents (information) and conveying them to the auditing group (person) in a timely manner.

11. For the duration the audit, the audited entity shall be required to provide the audit group (person) with:

- 1) receipt, upon the first request, of any necessary documents (information) concerning the audit, in paper and electronic form or copies thereof, to be made part of the act on the audit results, as well as access to any sources of information needed to conduct the audit;

2) access to automated databases (information systems) relating to the subject of the audit;

3) if necessary, explanations (oral or written) provided by any officials or employees on matters concerning the audit being conducted, their official duties, and/or the activities of the audited entity;

4) a separate area (if available) within the audited entity's building, with opportunity for free access to it.

12. Violation by an audited entity of one of the requirements indicated in item 11 of this Article shall be grounds to apply measures of influence and sanctions, as provided by statutes of the Republic of Kazakhstan, against the audited entity or its senior official.

13. Audits should not exceed thirty calendar days in duration; in extraordinary cases where further examination of specific issues is necessary or due to the substantial scope of an audit, a Deputy Chairman of the National Bank of Kazakhstan or senior official of a regional branch of the National Bank of Kazakhstan may extend the audit period, but for not more than thirty calendar days.

If the audit period is extended, a supplemental notice regarding the audit's extension shall be drawn up and registered with the body of state that carries out statistical operations within the limits of its purview in the area of legal statistics and special accounting. The notice shall indicate the number and registration date of the previous act appointing an audit and the reason for the extension.

14. Based on the results of the audit, the audit group (person) shall prepare a report on the results of the audit.

The report on the audit results shall indicate:

1) the date and place where the report was prepared;

2) the name of the body that conducted the audit;

3) the date and number of the audit notice on the basis of which the audit was conducted;

4) the full name and position of the person(s) who conducted the audit;

5) the name and location of the audited entity and its taxpayer registration number, and, if a representative of the audited entity was present during the audit, his/her full name and title;

6) the location and period of time during which the audit was conducted;

7) information on the audit results, including information on violations discovered and the nature of those violations;

8) information on whether a representative of the audited entity reviewed or waived the right to review the report, as well as other persons if such were present during the audit, and their signatures or refusal to sign;

9) the signature of the official(s) conducting the audit.

Vital documents (information) connected to the audit results, or copies thereof, may be attached to the report on the audit results.

No later than the end of the audit period, the audit group (person) shall send two copies of the report on the audit results to the senior officer of the audited entity, along with copies of attachments (with the exception of copies of documents the originals of which are in the possession of the audited entity), for review and signing.

The senior officer of the audited entity (or his deputy) or a senior officer responsible for facilitating the audit shall accept the first copy of the report on the audit results, initial each page of the second copy of the act, and make a notation on its last page of the date of receipt along with his title and full name. No later than the day following the day the report on the audit results is received, he shall submit the second copy to the audit group (person) of the

National Bank of Kazakhstan, indicating comments and/or objections, if any, to the audit results.

15. The completion of the audit period shall be considered to be the day the report on the audit results is sent to the senior officer of the audited entity (or his deputy), no later than the audit end date indicated in the audit notice.

16. If the National Bank of Kazakhstan applies measures of influence or sanctions pursuant to the laws of the Republic of Kazakhstan, the audited entity shall be required to submit to the National Bank of Kazakhstan, within the period set by the latter, a written report (information) on measures taken to eliminate discovered violations.

17. During an audit, officials of the National Bank of Kazakhstan must ensure the integrity of the audited entity's documents and observe the confidentiality of information obtained, and refrain from actions that could directly or indirectly prejudice the rights or lawful interests of the audited entity and its clients.

#### **Article 63.**

*Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003*

#### **Article 64.**

*Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003*

### **Chapter 12. REPORTING REQUIREMENTS OF THE NATIONAL BANK OF KAZAKHSTAN**

#### **Article 65. Fiscal Year**

The fiscal year of the National Bank of Kazakhstan shall begin on January 1 and end on December 31 of the calendar year.

*Article 66 is set forth as in the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995, and amended pursuant to Law No. 436-1, dated July 16, 1999; Law of the RK No. 483-II, dated July 10, 2003; and Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006)*

#### **Article 66. Reporting Requirements**

Each year, the National Bank of Kazakhstan shall submit an annual report to the President of the Republic of Kazakhstan for approval. The President of the Republic of Kazakhstan shall review the annual report of the National Bank of Kazakhstan and make a decision regarding its approval. The National Bank of Kazakhstan shall, within an agreed period of time, submit an annual accounting balance sheet and a report on the income and expenditures of the National Bank of Kazakhstan to the central authorized body for budget execution, in order to form the consolidated financial balance sheet of the Republic of Kazakhstan.

*Article 67 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995; Law of the RK No. 154-1, dated July 11, 1997; Law of the RK No. 436-1, dated July 16, 1999; Law of the RK No. 483-II, dated July 10, 2003; and Law of the RK No. 69-III, dated July 8, 2005*

#### **Article 67. Annual Report**

The annual report of the National Bank of Kazakhstan shall include:

- a report on monetary policy and the state of the financial market;
- a report on the activities of the National Bank of Kazakhstan during the year past;
- the annual consolidated financial report of the National Bank of Kazakhstan.



*Article 68 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995; Law of the RK No. 483-II, dated July 10, 2003; and Law of the RK No. 69-III, dated July 8, 2005*

**Article 68.** Auditing of the Activities of the National Bank of Kazakhstan

Based on a decision of the Executive Board of the National Bank of Kazakhstan, an audit of the activities of the National Bank of Kazakhstan, including an audit of financial reports, shall be performed each year by an audit organization. The founders of that organization shall include an audit organization with experience in auditing a central bank of a member state of the Organization of Economic Cooperation and Development (OESR).

Any information obtained during an audit shall be considered confidential, and the audit organization shall be liable for its disclosure to third parties.

Audits of the activities of the National Bank of Kazakhstan and its organizations by any bodies of state shall be carried out only with the consent or on the instructions of the President of the Republic of Kazakhstan.

### **Chapter 13. CONCLUDING PROVISIONS**

*Article 69 has been amended pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995;*

**Article 69.** Liquidation of the National Bank of Kazakhstan

The National Bank of Kazakhstan may be liquidated by passing a corresponding Law of the Republic of Kazakhstan. In the event the National Bank of Kazakhstan is liquidated, its property shall be transferred to the legal successor indicated in a corresponding Law.

*Article 70 has been amended pursuant to Law of the RK No. 483-II, dated July 10, 2003*

**Article 70.** Authority to Obtain Information

In the interests of ensuring quality, timely performance of the oversight and monitoring functions with which the National Bank of Kazakhstan is charged and meeting the requirements of this Law, the National Bank of Kazakhstan shall have the right to obtain necessary information from any individual or legal entity within the Republic of Kazakhstan that has an account in a bank or organization engaged in specific types of banking operations. At the same time, the information obtained shall not be subject to disclosure.

*Chapter 13 has been supplemented by Article 70-1 pursuant to Law of the RK No. 154-1, dated July 11, 1997. The article is set forth as in Law of the RK No. 182-II, dated May 3, 2001, and amended by Law of the RK No. 483-II, dated July 10, 2003, and Law of the RK No. 165-III, dated July 5, 2006 (put into effect as of July 1, 2006)*

**Article 70-1.** Compensation for Services Provided by the National Bank of Kazakhstan

The National Bank of Kazakhstan shall be entitled to perform banking operations and other services on a fee basis. The types and sizes of payments for the services it provides shall be determined independently by the National Bank of Kazakhstan.

The National Bank of Kazakhstan shall not charge a fee for banking and other services provided to the Government of the Republic of Kazakhstan and the central authorized body for budget execution, with the exception of services entailed in administering the National Fund of the Republic of Kazakhstan and other funds and organizations.

*Article 71 is set forth as in the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995*

**Article 71.** Statutes of Limitations on Claims and Actions

The statutes of limitations on claims and actions shall not extend to claims made by the National Bank of Kazakhstan against borrowers for defaulting on credit agreements.

*Changes have been inserted in Article 72, pursuant to the legally effective Decree of the President of the RK No. 2672, dated December 5, 1995, and by Laws of the RK No. 154-1, dated July 11, 1997, No. 200-1, dated December 8, 1997, No. 436-1, dated July 16, 1999, and No. 162-II, dated March 2, 2001*

**Article 72.** Liability of the National Bank of Kazakhstan and Dispute Resolution Procedures

The National Bank of Kazakhstan shall be liable for failure to perform its obligations following the procedure established by statutes of the Republic of Kazakhstan.

All disputes arising between the National Bank of Kazakhstan and banks, organizations engaged in specific types of banking operations and their founders (participants), legal entities, and individuals regarding the execution of this Law shall be decided in a court of law pursuant to statutes of the Republic of Kazakhstan and international agreements in which the Republic of Kazakhstan is a participant.

The National Bank and its officials shall be liable as stipulated by statutes of the Republic of Kazakhstan for damages caused to individuals and legal entities by unlawful actions or inaction associated with its monitoring and oversight functions.

**Article 73.**

*Deleted pursuant to Law of the RK No. 483-II, dated July 10, 2003*

*Article 74 was amended pursuant to Law of the RK No. 154-1, dated July 11, 1997.*

**Article 74.** Commencement of this Law

This Law shall take effect from the day of its publication.

**N. NAZARBAYEV**

**President of the Republic of Kazakhstan**