

LAW No. 2155 of 30th MARCH 1995 OF THE REPUBLIC OF KAZAKHSTAN

«CONCERNING THE NATIONAL BANK OF THE REPUBLIC OF KAZAKHSTAN»

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AMENDMENTS AND ADDITIONS INTRODUCED BY:

1) *Edict No. 2370 of 20th July 1995 of the President of the Republic of Kazakhstan, Having the Force of a Law, «Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan and Edicts Having the Force of Law of the President of the Republic of Kazakhstan Concerning Customs Issues». (Article 39);*

2) *Edict No. 2396 of 2nd August 1995 of the President of the Republic of Kazakhstan, Having the Force of Law, «Concerning the Introduction of Addition to the Edict Having the Force of Law of the President of the Republic of Kazakhstan «Concerning the National Bank of the Republic of Kazakhstan». (Article 56);*

3) *Edict No. 2672 of 5th December 1995 of the President of the Republic of Kazakhstan, Having the Force of a Law, «Concerning the Introduction of Amendments and Additions to Edicts Having the Force of Law of the President of the Republic of Kazakhstan «Concerning The National Bank of the Republic of Kazakhstan» and «Concerning Securities and Stock Exchanges». (Articles: 1, 2, 3, 8, 13, 15, 16, 18, 19, 21, 28, 34, 44, 52, 54, 57, 58, 66, 67, 69, 71, and 72).*

4) *Edict No. 2830 of 27th January 1996 of the President of the Republic of Kazakhstan, Having the Force of a Law, «Concerning the Introduction of Amendments and Additions to Edicts Having the Force of Law of the President of the Republic of Kazakhstan «Concerning the National bank of the Republic of Kazakhstan» and «Concerning Banks and Banking Activities in the Republic of Kazakhstan». (Articles: 11, 12, 13, 15, 20, 35, 52, and 54);*

5) *Law No. 18 of 3rd July 1996 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan. (Article: 56);*

6) *Law No. 50 of 7th December 1996 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan. (Articles: 8, 15, and 62);*

7) *Law No. 154 of 11th July 1997 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Banking Activity. (Articles: 1, 4, 5, 6, 7, 8, name of Chapter III.), Articles: 9, 10, 11, 12, 13, 15, 16, 17, 19, 20, 21, 23, 24, 25,*

26, 27, 28, 30, 31, 32, 34, 35, 37, 39, 40, 41, 42, 47, 48, 49, 51, 52, 53, 54, name of Chapter X., Articles: 56, 57, 58, 59, 60, 61, 62, 63, 64, 67, 70-1, 72, 73, 74);

8) Law No. 200 of 8th December 1997 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan. (Articles 24, 72);

9) Law No. 236 of 29th June 1998 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan. (Articles 3, 9, 10, 15). Effective from the date of publication;

10) Law No. 436 of 16th July 1999 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan. (Articles: 7, 8, heading of Chapter III, Articles: 9, 10, 11, heading of Chapter IV, Articles: 12, 15, 17, 19, 43, 46, heading of Chapter VIII, Articles: 48 replaced, 50 replaced, 52 replaced, 52-1 introduced, 54, 56, 57, 58, 62-1 introduced, 64, 66, 67, 72). Effective from the date of publication (5th August 1999);

11) Law No. 42 of 29th March 2000 of the Republic of Kazakhstan «Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Banking Secrecy» (Articles: 47-1 introduced, 48). Effective from the date of publication (1st April 2000);

12) Law No. 128 of 18th December 2000 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Insurance and Insurance Activities. (Article 62-1). Effective from 23rd December 2000;

13) Law No. 162 of 2nd March 2001 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions To Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of the Banking Activity. (Heading, Preamble excluded, Articles: 2, 3, 6, 8, 10, 11, 15, 19, 20, 52-1, 54, 56, 57, 58, 62, 62-1, 63, 64, 72, 74). Effective from 12th March 2001;

14) Law No. 182 of 3rd May 2001 of the Republic of Kazakhstan. Concerning the Introduction of An Amendment and Additions to Certain Legislative Acts Concerning Issues of Functioning of the National Fund of the Republic of Kazakhstan. (Articles: 8, 15, 70-1 replaced). Effective from the 1st of January 2001;

15) Law No. 482 of 9th July 2003 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Bill of Exchange Circulation, Payments and Transfers of Funds. (Articles: 8, 48, 62). Effective from 25th July 2003;

16) Law No. 483 of 10th July 2003 of the Republic of Kazakhstan «Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Organising an Integrated System of State Regulation and Supervision of Financial Markets and Financial Organisations. (Articles: 1, 4, Heading of Chapter II, Article 7 replaced, Articles: 8, 9, 10, 11 replaced, 15, 19, 24, 27, 28 replaced, 29 replaced, 30 replaced, 31 replaced, 33 replaced, 34 replaced, 35 replaced, 36 replaced, 36-1 introduced, 36-2 introduced, 36-3 introduced, 46 replaced, 47-1, 48-1 introduced, 52-1, 53 repealed, 55 repealed, 56, 58, 60 replaced, 61, 62 replaced, 62-1 repealed, 63 repealed, 64 repealed, 66, 67, 68, 70, 70-1, 73 repealed). Effective from the 1st January 2004;

17) Law No. 562 of 11th June 2004 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Accounting and Financial Reporting. (Article: 8). Effective 16th June 2004; and

18) *Law No. 577 of 7th July 2004 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Investment Funds. (Article: 15). Effective 20th July 2004;*

19) *Law No. 13 of 20th December 2004 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Division of Duties Between the Levels of the Governmental Administration and Budget Relations. (Roman Chapter numbers are changed for Arabic; Articles: 8, 15). Effective January 1, 2005;*

20) *Law No. 69 of 8th July 2005 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Functioning of the State Authorities Exercising the Regulation of Financial Markets. (Articles: 3, 8, 9, 10, 11, 15, 22, 29, 32 replaced, 37, 40 replaced, 42, 43-1 introduced, 48 replaced, 48-1 repealed, 56, 58, 59 replaced, 60 replaced, 61 replaced, 62, 67, 68). Effective July 16, 2005;*

21) *Law No. 107 of 23rd December 2005 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Licensing and Consolidated Supervision. (Article 8). Effective December 30, 2005; and*

22) *Law No. 127 of 20th February 2006 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Underwriting. (Article 8). Effective date n/a*

23) *Law No. 165 of 5th July 2006 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Improving the Legislation of the Republic of Kazakhstan Concerning the Budget and the Functioning of the National Bank of the Republic of Kazakhstan. (Articles: 8, 9, 15, 16, 27, 28, 52-1, 56, 57, 59, 62, 62-2 introduced, 62-3 introduced, 66, 70-1). Effective July 1, 2006;*

24) *Law No. 222 of 12th January 2007 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Licensing. (Articles: 8, 15, 56). Effective date n/a;*

25) *Law No. 235 of 28th February 2007 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Accounting and Financial Reporting. (Article 8). Effective date n/a;*

26) *Law No. 154 of 29th April 2009 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Their Bringing into Conformity with the Constitution of the Republic of Kazakhstan. (Articles: 3, 13). Effective date n/a;*

27) *Law No. 167 of 4th July 2009 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Currency regulation and Currency Control. (Articles: 8, 15, 56 replaced, 62-2, 62-3). Effective date n/a;*

28) *Law No. 185 of 11th July 2009 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Improvement of the Legislation of the Republic of Kazakhstan Concerning Payments and Remittances of Money, Accounting and*

Financial Reporting of Financial Organisations, Banking Activity and Activity of the National Bank of the Republic of Kazakhstan. (Articles: 8, 11, 15, 47-1 repealed, 48, 49, 60 repealed 61, 62, 62-3, 66, 68, 70). Effective date n/a;

29) *Law No. 192 of 28th August 2009 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Counteraction to Legalisation (Laundering) of Income Gained in an Illegal Way, and Financing of Terrorism. (Article 8). Effective date n/a;*

30) *Law No. 258 of 19th March 2010 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of State Statistics and Taxation. (Articles 8, 61). Effective date n/a;*

31) *Law No. 378 of 6th January 2011 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of State Control and Supervision. (Article 62-3). Effective date n/a;*

32) *Law No. 414-IV of 1st March, 2011 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of State Property. (Articles: 8, 9, 20). Effective date n/a;*

33) *Law No. 452 of 5th July 2011 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Revision of the Competence of Authorised State Bodies and of the Government of the Republic of Kazakhstan to Pass Regulatory Legal Acts establishing Requirements to Audited Entities. (Articles: 8, 56, 62). Effective date n/a;*

34) *Law No. 466-IV of 21st July, 2011 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Electronic Money. (Article: 8). Effective date n/a;*

35) *Law No. 524 of 28th December 2011 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Regulation of Banking Activity and Financial Organisations with Respect to Risk Minimization. (Articles: 2 replaced, 8). Effective date n/a;*

36) *Law No. 538-IV of 12th January 2012 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Stock Market Development in the Republic of Kazakhstan. (Article 62-3). The words 'taxpayer registration number' effective from January 1, 2012 till January 1, 2013 and the words 'identification number' are effective January 1, 2013;*

37) *Law No. 30 of 5th July 2012 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of the Organisation of Activity of the National Bank of the Republic of Kazakhstan, Regulation of the Financial Market and Financial Organisations. (Articles: 4, 6 replaced, 7, 8 replaced, 10 replaced, 11, 12, 15 replaced, 16, 19, 20, Chapter 4-1 introduced, Articles: 20-1 introduced, 20-2 introduced, 20-3 introduced, 20-4 introduced, 20-5 introduced, 21, 22, 32, 35, 36-2, 41, Chapter 8-1 (introduced), Articles: 51-1 introduced, 51-2 introduced, 56, 57 replaced, 58 replaced, 59 replaced, Chapter 11 replaced, Articles: 61 replaced, 62*

replaced, 62-2 replaced, 62-3 replaced, 62-4 replaced, 62-5 replaced, 66, 70 replaced, 71 replaced, 72 replaced). Effective date n/a. The provisions concerning the exclusion of the National Bank of the Republic of Kazakhstan, its departments and legal entities in respect of which it is a founder (authorised body) or shareholder out of entities of state procurement set out in subparagraph 53) of Article 15 shall enter in force after corresponding amendments to the State (Municipal) Procurement Treaty made in Moscow on 9th December 2010, ratified by the Law of the Republic of Kazakhstan of 8th July 2011, take effect.

Legal entities that are not second-tier banks and not specified in the tenth clause of subparagraph 17) of paragraph 10 of Article 1 of Law No. 30 of 5th July 2012 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of the Organisation of Activity of the National Bank of the Republic of Kazakhstan, Regulation of the Financial Market and Financial Organisations, as well as in the first part of paragraph 6-1 of Article 30 of the Law of the Republic of Kazakhstan “Concerning Banks and Banking Activities in the Republic of Kazakhstan” shall return within one month after Law No. 30 of 5th July 2012 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of the Organisation of Activity of the National Bank of the Republic of Kazakhstan, Regulation of the Financial Market and Financial Organisations is enacted to the National Bank of the Republic of Kazakhstan licenses for conducting of banking operations stipulated in subparagraph 6) of paragraph 2 of Article 30 of the Law of the Republic of Kazakhstan “Concerning Banks and Banking Activities in the Republic of Kazakhstan” that were issued before this Law was enacted;

38) Law No. 57 of 26th November 2012 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Activity of Micro-Financial Organisations. (Articles: 15, 61). Effective date n/a;

39) Law No. 106 of 21st June 2013 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Pension Support. (Articles: 8, 15, 20-4, 56, 57, 58, 62-4, 62-5, 70-1). Effective date n/a;

40) Law No. 203 of 16th May 2014 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of the Permissive System. (Articles: 15, 56, 62-5) Effective date n/a;

41) Law No. 206 of 10th June 2014 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Counteraction to Legislation (Laundering) of Income Gained in a Criminal Way, and Financing of Terrorism. (Article 8). Effective date n/a;

42) Law No. 227 of 3rd July 2014 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of the Improvement of Criminal Legislation. (Article 20-5). Effective January 1, 2015; and

43) Law No. 233 of 4th July 2014 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative acts of the Republic of Kazakhstan on Issues of the Improvement of Criminal Procedural Legislation. (Article 20-5). Effective January 1, 2015

~~In accordance with Article 1 of the Law of the Republic of Kazakhstan, dated December 10, 1993 «Concerning the Temporary Delegation of Additional Powers to the President of the Republic of Kazakhstan and the Heads of Local Administrations» and for the purposes of determining the objectives, the principles of activities, the legal status and the powers of the National Bank of the Republic of Kazakhstan, its role and place in the banking system, I am issuing this Edict. [excluded by 13]~~

CHAPTER I 1. GENERAL PROVISIONS

Article 1. The Banking System of the Republic of Kazakhstan

The Republic of Kazakhstan shall have a double-tier banking system,

The National Bank of the Republic of Kazakhstan (~~henceforth~~ *[deleted by 3]* the National Bank of Kazakhstan) shall be the central bank of the Republic of Kazakhstan and it shall represent the top (first) tier of the banking system of the Republic of Kazakhstan.

The National Bank of the Republic of Kazakhstan shall represent, within the bounds of its authority, *[inserted by 16]* the interests of the Republic of Kazakhstan in the relations with the central banks and banks of other countries, in international banks and any other financial and credit organisations.

In attaining its objectives the National Bank must not be guided by the intention of obtaining profits.

The types, the legal status, the procedure for the formation, functioning and liquidation of the banks of the second tier shall be determined by banking and other legislation of the Republic of Kazakhstan.

Article 2. The Legal Fundamentals for the Activities of the National Bank of Kazakhstan

The National Bank of Kazakhstan shall be a state body which provides for the development and implementation of monetary policy of the state, functioning of payment systems, performs currency regulation and control, state regulation, control and supervision over financial market and financial organizations, state regulation of functioning of the regional financial center of the city of Almaty, and assists to ensuring the stability of financial system and carries out state statistics.

The National Bank of Kazakhstan in its activities shall be guided by the Constitution of the Republic of Kazakhstan, this Law, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan, and international treaties concluded by the Republic of Kazakhstan.

Article 3. The Subordination of the National Bank of Kazakhstan

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

The subordination to the President of the Republic of Kazakhstan shall mean the following:

the appointment by the President of the Republic of Kazakhstan, with the

consent of the Senate *[inserted by 26]* of the Parliament of the Republic of Kazakhstan, of the Chairman of the National Bank of Kazakhstan; his release from office;

the appointment to office and release therefrom by the President of the Republic of Kazakhstan of Deputies of the Chairman of the National Bank of Kazakhstan in pursuance to the proposal of the Chairman of the National Bank of Kazakhstan;

the approval by the President of the Republic of Kazakhstan of the annual report of the National Bank of Kazakhstan;

approval by the President of the Republic of Kazakhstan of the structure and total personnel number, work remuneration system *[inserted by 20]* of the National Bank of Kazakhstan;

approval by the President of the Republic of Kazakhstan of Regulations Concerning the National Bank of Kazakhstan;

the approval by the President of the Republic of Kazakhstan of the concept of design of bank notes and coins of the National Currency, the Kazakhstan Tenge;

the submission by the National Bank of Kazakhstan of information on the issues of its scope, which is requested by the President of the Republic of Kazakhstan.

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

The National Bank of Kazakhstan on the basis and in pursuance of laws of the Republic of Kazakhstan with respect to issues falling within its competence shall issue regulatory legal acts which are mandatory for fulfillment by all financial organisations, consumers of financial services, other natural persons and legal entities in the territory of the Republic of Kazakhstan.

The regulatory legal acts of the National Bank of Kazakhstan shall be published in the official publications - «Қазақстан ұлттық Банкінің Хабаршысында», «The Bulletin of the National Bank of the Republic of Kazakhstan» in the Kazakh and Russian languages.

~~Article 5. Exemption of the National Bank of Kazakhstan from the Payment of Taxes, Levies and Duties~~

Article 6. The National Bank of Kazakhstan As a Legal Entity

The National Bank of Kazakhstan shall be a legal entity in the organizational legal form of a republic's state-owned institution, it shall have its own balance sheet, and it shall constitute a single structure together with its affiliates, representations, departments and organisations.

The National Bank of Kazakhstan shall act on behalf of the Republic of Kazakhstan as a founder of joint-stock companies and limited liability partnerships, participate in activities of organisations, including those which assist in the implementation by the National Bank of Kazakhstan of functions conferred upon it and (or) those which form part of the infrastructure of the financial market.

The central office of the National Bank of Kazakhstan shall be located in the city of Almaty. The National Bank of Kazakhstan may open its affiliates and representations in the Republic of Kazakhstan and outside its boundaries.

CHAPTER 2. THE MAIN PURPOSE, OBJECTIVES, FUNCTIONS AND

AUTHORITY OF THE NATIONAL BANK OF KAZAKHSTAN

[modified by 16]

Article 7. The Main Purpose and Objectives of the National Bank of Kazakhstan

Ensuring stability of prices in the Republic of Kazakhstan shall be recognised as the main purpose of the National Bank of Kazakhstan.

The following assignments shall be entrusted to the National Bank of Kazakhstan in order to attain the main purpose:

- 1) elaboration and implementing monetary and credit policies of the state;
- 2) ensuring the functioning of payment systems;
- 3) performance of currency regulation and currency supervision;
- 4) assistance in ensuring stability of the financial system;
- 5) regulation, control and supervision of the financial market and financial organisations, and also other persons within the competence;
- 6) ensuring an adequate level of protection of rights and lawful interests of consumers of financial services;
- 7) carrying out statistical activities in the sphere of monetary-and-credit statistics and external sector statistics;
- 8) other tasks in accordance with laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

Article 8. The Functions and Powers of the National Bank of Kazakhstan

The National Bank of Kazakhstan shall:

- 1) elaborate and implement the state monetary-and-credit policy of the Republic of Kazakhstan;
- 2) issue state emission securities;
- 3) be the sole issuer of banknotes and coins of the national currency of the Republic of Kazakhstan and organise the cash money circulation in the territory of the Republic of Kazakhstan;
- 4) participate in ensuring the transportation, storage and collection of banknotes, coins and valuables, form reserve state funds of banknotes, coins and valuables;
- 5) carry out the control over compliance by financial organisations and their affiliates with the requirements to the equipment of premises;
- 6) regulate and carry out the supervision (oversight) of an interbank money transfer system, interbank clearing system and other payment systems that enable the conduct of money transfers between customers in Kazakhstan's tenge;
- 7) for the purposes of ordering payments and money transfers, establish, in coordination with the Government of the Republic of Kazakhstan, the sequence of payments on bank accounts carried out by banks, organisations carrying out certain types of banking operations, and business entities, unless otherwise is provided for by laws of the Republic of Kazakhstan;
- 8) carry out currency regulation and currency control in the Republic of Kazakhstan;
- 9) carry out the control of export transactions of second-tier banks in refined gold and silver bullion;
- 10) provide for the management of assets in foreign currency and precious

metals;

11) exercise the priority right of the state to purchase refined gold for the replenishment of assets in precious metals;

12) in cases specified in legislation of the Republic of Kazakhstan, carry out control testing of assays of precious metals and raw material goods that contain precious metals;

12-1) carry out storage and testing of precious metals, except for articles from them, and assays (samples) of raw material goods, which contain precious metals, owners of which are financial organisations, legal entities, which have the right to perform export-import transactions in precious metals and raw material goods containing precious metals;

12-2) in cases stipulated by legislation of the Republic of Kazakhstan, perform transportation, receiving, accounting for, storage of precious metals, precious stones and articles from them, which were transferred (received) into ownership of the state on certain grounds;

13) alone and (or) together with other state bodies of the Republic of Kazakhstan within the scope of their competence, carry out the regulation of systemic risks;

14) be the lender of last resort, have the right to give loans to legal entities which have opened bank accounts with the National Bank of Kazakhstan, organise a refinancing system for them;

15) participate in the regulation of foreign debt of financial organisations;

16) develop statistical methodologies and establish a list, forms of, timings and procedures for presenting primary statistical data on cash money circulation, monetary-and-credit and bank statistics, balance of payments, foreign debt, international investment position, maintenance of financial stability;

17) conduct departmental statistical observation in accordance with a plan of statistical work, and also, within the scope of its competence, carry out control in the sphere of state statistics;

18) compile and distribute statistical information on financial market review, monetary-and-credit and bank statistics, balance of payments, international investment position and foreign debt, participate in the development of forecast estimates of the balance of payments;

19) carry out the regulation, control and supervision of the financial market and financial organisations, and other persons in accordance with this Law and other laws of the Republic of Kazakhstan;

20) license activities in the financial sphere and activities associated with the concentration of financial resources;

21) approve rules for conducting banking operations in cases stipulated in laws of the Republic of Kazakhstan;

22) carry out the state regulation of activities of the regional financial centre in the city of Almaty;

23) determine accounting policies and techniques for the National Bank of Kazakhstan considering the international financial reporting standards;

24) carry out the control and supervision of compliance by financial organisations, specialised financial companies, Islamic specialised financial companies, investment funds, the Kazakhstan Development Bank with the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting and the international financial reporting standards, and also the rules of automation of accounting;

25) participate in servicing the state debt of the Government of the Republic of Kazakhstan in coordination with it and serve the state debt of the National bank of Kazakhstan;

26) establish and publish official exchange rates of the national currency of the Republic of Kazakhstan against foreign currencies pursuant to the list and procedures determined by the Board of the National Bank of Kazakhstan;

27) carry out the monitoring of agreements on non-state foreign loans;

28) carry out the monitoring of sources of demand and supply, and also directions of the use of foreign currencies in the domestic currency market;

29) carry out, without obtaining appropriate licenses, banking activities, professional activity in the securities market and other activity determined by laws of the Republic of Kazakhstan;

30) carry out banking servicing of clients of the National Bank of Kazakhstan;

31) carry out trust management of the National Fund of the Republic of Kazakhstan on the basis of a trust management agreement that is concluded between the National Bank of Kazakhstan and the Government of the Republic of Kazakhstan and is published in official printed publications;

32) carry out trust management of assets on the basis of trust management agreements concluded by the National Bank of Kazakhstan with the Government of the Republic of Kazakhstan or legal entities. Trust management agreements concluded between the National Bank of Kazakhstan and the Government of the Republic of Kazakhstan shall be published in official printed publications;

32-1) carry out trust management of pension assets of the single accumulation pension fund based on a trust management agreement to be concluded between the National Bank of Kazakhstan and the single accumulation pension fund; *[introduced by 39]*

32-2) perform functions of a custodian in relation to pension assets of the single accumulation pension fund;

33) provide at request of the authorised body for financial monitoring information from its own information systems in accordance with the legislation of the Republic of Kazakhstan concerning the counteraction against the legalisation (laundering) of incomes gained in a criminal way and financing of terrorism;

34) participate in the training and retraining of personnel for state bodies and financial organisations;

35) apply to financial and other organisations restricted measures of influence, sanctions and other measures provided for by laws of the Republic of Kazakhstan in case of their failure to comply with the requirements of laws and other regulatory legal acts of the Republic of Kazakhstan with respect to issues falling within its competence;

36) carry out the acquisition of goods, work, services in accordance with the procedures determined by regulatory legal acts of the National Bank of Kazakhstan;

37) assign, cancel and determine the use of bank identification codes, assign and cancel codes of banks and organisations carrying out certain types of banking operations, and codes of affiliates of banks and organisations carrying out certain types of banking operations, establish their structure, and also form and keep the Directory of banks and organisations carrying out certain types of banking operations;

38) form consulting and advisory bodies of the National Bank of Kazakhstan;

39) carry out other functions and powers stipulated by this Law, other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

CHAPTER 3. CAPITAL AND RESERVES OF THE NATIONAL BANK OF KAZAKHSTAN

Article 9. The Authorised Capital of the National Bank of Kazakhstan

The authorised capital of the National Bank of Kazakhstan shall be owned by the state and it shall be formed in an amount not less than 20 billion of Kazakhstan tenge by way of assessments on the undistributed net income.

The National Bank of Kazakhstan shall independently exercise on behalf of the Republic of Kazakhstan the rights to own, use and dispose assigned to it assets which are on its balance-sheet, in accordance with the procedure to be determined by the regulatory legal acts of the National Bank of Kazakhstan.

Article 10. Reserve Capital, Accounts for Revaluation and Special Purpose 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 the authorised capital, shall be replenished at the expense of retained net income, and shall be intended solely for the compensation of losses and reimbursement of costs on conducted transactions in accordance with the procedures established by the Board of the National Bank of Kazakhstan. The account for revaluation of reserves and other foreign-currency assets shall be intended for accounting for unrealized income on their revaluation. The account for revaluation of fixed assets shall be intended for accounting for results of indexation of fixed assets of the National Bank of Kazakhstan.

Special purpose provisions (reserves) for doubtful and uncollectible claims, including credits, deposits, securities, losses on settlements, account balances and other assets which include amounts of construction in progress, other claims related to non-monetary activities of the National Bank of Kazakhstan and payments of social nature shall be formed at the expense of expenditures of the National Bank of Kazakhstan.

Article 11. Income of the National Bank of Kazakhstan

Net income of the National Bank of Kazakhstan for a financial year shall be determined as the difference between the actually received income and costs of a given financial year.

Retained net income of the National Bank of Kazakhstan shall be net income of the National Bank of Kazakhstan, except for amounts of foreign exchange revaluation recorded in accounts for revaluation of gold and foreign exchange reserves and other foreign-currency assets, adjusted for amounts of revaluation of fixed assets and intangible assets. Retained net income shall be used to increase the authorised and (or) reserve capitals in an amount established by the Board of the National Bank of Kazakhstan.

After the approval by the President of the Republic of Kazakhstan of the annual report of the National Bank of Kazakhstan, the remaining part of undistributed net income shall be transferred to the state Budget by a postponement for one financial year.

In the event that amounts of reserved capital are less than the amount of the authorised capital, then the entire undistributed net income shall remain at the disposal

of the National Bank of the Republic of Kazakhstan and it shall be directed for the replenishment of the reserve capital until it reaches the size of the authorised capital. When funds of the reserve capital are insufficient for the coverage of losses of a given financial year, uncovered losses shall be compensated to the National Bank of Kazakhstan in full volume at the expense of state budget funds with a deferral of one financial year.

CHAPTER 4. STRUCTURE AND BODIES OF THE NATIONAL BANK OF KAZAKHSTAN. THE PROCEDURE FOR THEIR FORMATION AND COMPETENCE

Article 12. The Structure and Bodies of the National Bank of Kazakhstan

The National Bank of Kazakhstan shall be a single centralised structure with a vertical mechanism of subordination.

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

The structure of the National Bank of Kazakhstan shall include the central office comprising divisions and other units, affiliates, representations, departments and organisations.

Article 13. The 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 the Senate of the Parliament for 6 years.

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

The Chairman of the National Bank of Kazakhstan shall be imparted with the powers to take operational, executive and managerial decisions on the issues of activities of the National Bank of Kazakhstan, except for the powers which are stipulated in this Law for the Board of the National Bank of Kazakhstan, and to conclude agreements on behalf of the National Bank of Kazakhstan.

The Chairman of the National Bank of the Republic of Kazakhstan shall be responsible for activities of the National Bank of Kazakhstan.

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

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

The Deputy Chairmen shall represent the National Bank of Kazakhstan without power of attorney, they shall sign documents within the bounds of their authority.

Article 15. The Board of the National Bank of Kazakhstan and Its Powers

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

The Board of the National Bank of Kazakhstan shall approve:

- 1) rules of minimum reserve requirements;
- 2) rules of establishment of official exchange rates of the national currency of the Republic of Kazakhstan against foreign currencies pursuant to the list determined by the Board of the National Bank of Kazakhstan;
- 3) rules for conducting transactions in securities by the National Bank of Kazakhstan;
- 4) rules of replacement of banknotes and coins of the national currency of the Republic of Kazakhstan that are being and were removed from circulation, and old and damaged banknotes and coins of the national currency of the Republic of Kazakhstan;
- 5) rules of sale and buyback by the National Bank of Kazakhstan of banknotes and coins of the national currency of the Republic of Kazakhstan;
- 6) rules for conducting cash transactions with natural persons and legal entities at the National Bank of Kazakhstan;
- 7) rules of determination of paying capacity of banknotes and coins of the national currency of the Republic of Kazakhstan;
- 8) rules of accounting for, storage, transportation and collection of banknotes, coins and valuables;
- 9) rules of replacement of circulating monetary tokens of the national currency in case of modifications to their design (form);
- 10) rules of withdrawal of cash monetary tokens from circulation;
- 11) rules for conducting cash transactions and transactions on collection of banknotes, coins and valuables at banks and organisations carrying out certain types of banking operations;
- 12) in coordination with appropriate authorised bodies, rules of organisation of premises security and layout in banks and organisations carrying out certain types of banking operations;
- 13) requirements to activities on re-counting, sorting, packing, storing of banknotes, coins and valuables, and their giving out to banks and their clients under orders of banks carried out by organisations holding a license from the National Bank of Kazakhstan for the conduct of transactions on collection of banknotes, coins and valuables;
- 14) procedures for and conditions of licensing of activities on collection of banknotes, coins and valuables for legal entities that are not banks;
- 15) instruction on the organisation of money transportation by motor vehicles in the Republic of Kazakhstan;
- 16) rules and instructions related to issues of functioning of payment systems, including rules of transfer of money via an interbank money transfer system, rules of conduct of transactions via a clearing system, rules of functioning of payments systems in respect of which the National Bank of Kazakhstan or its subsidiary organisation acts as an operator;
- 17) requirements to organisational measures and software and hardware means that provide access of banks and organisations carrying out certain types of banking operations to payment systems;
- 18) rules of carrying out of interbank clearing in the Republic of Kazakhstan;
- 19) regulatory legal acts related to issues of formulation, use and execution of payment orders, payment claim-orders, collection orders, checks, direct debiting of bank accounts, conduct of transactions in letters of credit, discounting and rediscounting of bills, conduct of transactions in promissory notes and bills of

exchange, issuance and use of payment cards and other means of carrying out cashless payments and money transfers established by legislation of the Republic of Kazakhstan, carrying out payments using ready cash, and also cashless payments and money transfers without opening a bank account;

20) rules of rendering of electronic banking services when conducting banking operations;

21) rules of exchange of electronic documents when carrying out payments and money transfers in the Republic of Kazakhstan;

22) rules of issuance, use and settlement of electronic money, and also requirements to electronic money issuers and electronic money systems in the territory of the Republic of Kazakhstan;

23) rules establishing requirements made to protection levels of bill of exchange paper manufactured in the territory or imported to the territory of the Republic of Kazakhstan, and also technical requirements to bill of exchange paper;

24) rules establishing procedures for opening, maintaining and closing bank accounts;

25) rules of presentation of information on payments and money transfers carried out through electronic terminals and remote access systems, as well as using electronic money;

26) rules of application of codes of economic sectors and purposes of payments, and presentation of information on payments in accordance with them;

27) rules of provision of bank loans by the National Bank of Kazakhstan to banks, including as a lender of last resort, and to legal entities which opened bank accounts with the National Bank of Kazakhstan;

28) rules of establishing correspondent relationships between the National Bank of Kazakhstan and banks, as well as organisations carrying out certain types of banking operations;

29) rules of establishing correspondent relationships between banks, and also between banks and organisations carrying out certain types of banking operations;

30) amounts of limits on payments and money transfers via correspondent accounts of banks and organisations carrying out certain types of banking operations;

31) requirements to the content of a bank statement on cash flows in bank accounts of a client;

32) rules establishing procedures for referring financial organisations to system-forming ones;

33) instruction on forms, timings and procedures for presentation by second-tier banks of reports on export transactions in refined gold and silver bullion;

34) regulatory legal acts governing activities of the financial market and financial organisations, as well as other persons in accordance with this Law and other laws of the Republic of Kazakhstan;

35) regulatory legal acts governing activities of the regional financial centre in the city of Almaty;

36) rules of establishment of limits on departure of the purchase rate from the sale rate of foreign currency for tenge in respect of transactions conducted through exchange offices;

37) rules of organisation of exchange transactions in cash foreign currency in the Republic of Kazakhstan;

38) rules of conduct of currency transactions in the Republic of Kazakhstan;

39) rules of carrying out export-import currency control in the Republic of Kazakhstan, and obtaining by residents of reference numbers for export and import

contracts;

40) rules of carrying out the monitoring of currency transactions of nonresidents carrying on activities in the territory of the Republic of Kazakhstan;

40-1) rules for opening, maintaining and closing metal accounts by banks;

41) regulatory legal acts related to issues of accounting, including typical charts of accounts, accounting instructions, rules of organisation of accounting and rules of automation of accounting, which are mandatory for fulfillment by all financial organisations, specialised financial companies, Islamic specialised financial companies, micro-financial organisations, the Kazakhstan Development Bank and investment funds;

42) in coordination with the authorised body that carries out the regulation of activities in the sphere of accounting and financial reporting, financial reporting standards related to issues that are not covered by the international financial reporting standards, as well as methodical recommendations thereto;

43) regulatory legal acts concerning forms or requirements to forms consistent with the international financial reporting standards, a list of, timings and procedures for presentation of financial reports by financial organisations, specialised financial companies, Islamic specialised financial companies, micro-financial organisations, the Kazakhstan Development Bank and investment funds;

44) regulatory legal acts concerning a list of, procedures and deadlines for publication of financial reports by joint-stock companies and financial organisations;

45) accounting policies, typical chart of accounts and regulatory legal acts of the National Bank of Kazakhstan concerning issues of accounting and financial reporting for the National Fund of the Republic of Kazakhstan;

46) in coordination with the authorised body carrying out the regulation in the sphere of provision for the collection of taxes and other obligatory payments to the budget, the form and content of a control bank slip for computer systems used by banks and organisations carrying out certain types of banking operations;

47) regulatory legal acts relating to the gathering of administrative data related to issues of currency regulation, preparation of financial sector reviews from financial organisations, cash money circulation, payments and money transfers, financial stability, regulation, control and supervision of financial organisations, including instructions on presentation by second-tier banks, the Kazakhstan Development Bank and mortgage organisations to the National Bank of Kazakhstan of information for the preparation of financial sector reviews, and instructions on carrying out the monitoring of sources of demand and supply as well as directions of the use of foreign currencies in the domestic currency market;

48) in coordination with the central authorised body for budget implementation, rules of carrying out investment transactions for the National Fund of the Republic of Kazakhstan, as well as a report on results of trust management of the National Fund of the Republic of Kazakhstan presented to the Government of the Republic of Kazakhstan;

49) rules of conversion and re-conversion of assets of the National Fund of the Republic of Kazakhstan;

50) rules of selection of external managers of assets of the National Fund of the Republic of Kazakhstan;

51) rules of exercising the priority right of the state to purchase refined gold for the replenishment of assets in precious metals;

52) rules of appointment to positions of and termination of employment agreements with workers of the National Bank of Kazakhstan and its departments;

53) rules of acquisition of goods, work and services by the National Bank of Kazakhstan, its departments and legal entities in respect of which it is a founder (authorised body) or shareholder;

54) regulations concerning an internal audit division, as well as regulatory legal acts establishing procedures for organizing and performing internal audits in the National Bank of Kazakhstan;

55) instructions on assignment, use and cancellation by the National Bank of Kazakhstan of bank identification codes, as well as assignment and cancellation of codes of banks and organisations carrying out certain types of banking operations, and codes of affiliates of banks and organisations carrying out certain types of banking operations, their structure, creation and maintenance of the Directory of banks and organisations carrying out certain types of banking operations;

55-1) investment declaration of the single accumulation pension fund, and also amendments and additions to it;

55-2) rules for selecting investment portfolio managers, which carry out activity based on a license of the National Bank of Kazakhstan, including requirements to them, when entrusting them to perform actions needed to manage pension assets of the single accumulation pension fund;

55-3) rules for selecting foreign organisations, which manage pension assets of the single accumulation pension fund, including requirements to them, when entrusting them to perform actions needed to manage pension assets of the single accumulation pension fund;

55-4) the list (types) of financial products that require consent of the National Bank of Kazakhstan for financial organizations to offer financial services to consumers;

55-5) the rules for giving consent of the National Bank of Kazakhstan for financial organizations to offer financial products to consumers of financial services, and also for micro financial organizations to provide micro credits to their consumers;

56) other regulatory legal acts of the National Bank of Kazakhstan in accordance with this Law, other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

The Board of the National Bank of Kazakhstan shall:

1) approve state monetary and credit policies;

2) establish the official refinancing rate;

3) establish normatives of minimum reserve requirements;

4) make decisions on production and issuance into circulation of banknotes and coins of the national currency of the Republic of Kazakhstan, including under orders from other countries, replacement of banknotes and coins of the national currency of the Republic of Kazakhstan in case of modifications to their design or form, and also establish procedures for replacement of old and damaged banknotes and coins of the national currency of the Republic of Kazakhstan;

5) determine face values and designs of banknotes and coins on the basis of the concept approved by the President of the Republic of Kazakhstan;

6) determine themes of issues, production quantities, alloys, timings and dates of issuance of collection and investment coins;

7) establish limits on departure of the purchase rate from the sale rate of foreign currencies for tenge in respect of transactions conducted through exchange offices;

8) establish amounts of and procedures for formation of authorised capitals for authorised organisations;

- 9) determine main principles of management of assets in foreign currencies and precious metals, including structures thereof;
- 10) determine activities to be classified as monetary activities;
- 11) determine categories of legal entities serviced by the National Bank of Kazakhstan;
- 12) review, adopt and submit for approval to the President of the Republic of Kazakhstan annual reports on activities of the National Bank of Kazakhstan;
- 13) review, adopt and submit for approval to the President of the Republic of Kazakhstan the structure, total personnel number, work remuneration system of the National Bank of Kazakhstan, and Regulations concerning the National Bank of Kazakhstan, as well as amendments and additions thereto;
- 14) approve budgets (estimates of expenditures) of the National Bank of Kazakhstan;
- 15) review and approve annual consolidated financial reports of the National Bank of Kazakhstan;
- 16) approve conditions of work, work remuneration, social and household welfare, improvement of skills and retraining of employees of the National Bank of Kazakhstan, its affiliates, representations, departments and organisations;
- 17) determine an official person at a level not lower than a Deputy Chairman of the National Bank of Kazakhstan whose powers include day-to-day decision making on trust management of the National Fund of the Republic of Kazakhstan (authorised representative);
- 18) determine procedures for application to financial and other organisations of restricted measures of influence, sanctions and other measures provided for by laws of the Republic of Kazakhstan in case of their failure to comply with the requirements of laws and other regulatory legal acts of the Republic of Kazakhstan with regard to issues falling within its competence;
- 19) decide on whether to give loans to banks as a lender of last resort, as well as to holders of bank accounts opened with the National Bank of Kazakhstan, for a period not longer than one year against security of highly liquid, risk-free securities and other assets, both in national and foreign currencies;
- 20) make decisions on establishment and participation in activities of organisations, including those which assist in the implementation by the National Bank of Kazakhstan of functions conferred upon it and (or) those which form part of the infrastructure of the financial market;
- 21) make decisions on participation of the National Bank of Kazakhstan in international and other organisations in accordance with this Law;
- 22) make decisions on establishment of consulting and advisory bodies of the National Bank of Kazakhstan;
- 23) approve mid-term plans of audits and annual reports of the internal audit division;
- 23-1) determine foreign custodians, at which accounts of the National Bank of Kazakhstan are opened to account for and store pension assets of the single accumulation pension fund;
- 24) perform other functions and powers provided for by this Law, other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

Article 16. The Composition of the Board of the National Bank of Kazakhstan

The Board of the National Bank of Kazakhstan shall consist of nine members.

The composition of the Board of the National Bank of Kazakhstan shall include the Chairman of the National Bank of Kazakhstan and five official persons of the National Bank of Kazakhstan, one representative of the President of the Republic of Kazakhstan and two representatives of the Government of the Republic of Kazakhstan.

The Board members of the National Bank of Kazakhstan [representing] 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 appropriately 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. The Board Meetings of the National Bank of Kazakhstan

The Board meetings of the National Bank of Kazakhstan shall be held as required, but not less frequent than one a month.

Extraordinary meetings of the Board of the National Bank of Kazakhstan shall be held by demand of the Chairman of the National Bank of Kazakhstan or three Board members.

The Board members of the National Bank of Kazakhstan shall be timely notified of the scheduling of Board meetings.

Meetings of the Board of the National Bank of Kazakhstan shall be chaired by the Chairman of the National Bank of Kazakhstan, and in the case of his absence, by the persons who substitute for him.

The Board shall be empowered to adopt decisions when not less than two thirds of the Board are participating, amongst which there must be the Chairman of the National Bank of Kazakhstan, or a person who substitutes him.

The Board resolutions shall be adopted by a simple majority of the votes of the Board Members. When there is an equality of votes, the vote of the Chairman of the National Bank of Kazakhstan shall be the casting vote.

The Chairman of the National Bank of Kazakhstan shall have the right to not later than within one week revoke a Board resolution with his objections for a repeated discussion and voting. When the Board confirms by two thirds of the votes of their total number the decision adopted earlier, the Chairman of the National Bank of Kazakhstan shall sign the resolution.

Article 18. Resignation and Release from Office

The Chairman of the National Bank of Kazakhstan shall have the right to resign upon presenting to the President of the Republic of Kazakhstan his personal application in writing, two months in advance of the leaving to retire.

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

Deputy Chairmen shall be released from office by the President of the Republic of Kazakhstan upon presentation by the Chairman of the National Bank of Kazakhstan.

Deputy Chairmen may resign by submitting their applications in writing to the President of the Republic of Kazakhstan through the Chairman of the National Bank of Kazakhstan, two months in advance of the leaving to retire.

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

The Council of Directors (Directorate) of the National Bank of Kazakhstan shall be a body for operational management of the National Bank of Kazakhstan.

The composition of the Council of Directors shall include the Chairman of the National Bank of Kazakhstan, his deputies, heads of structural units and departments of the National Bank of Kazakhstan as recommended by the Chairman of the National Bank of Kazakhstan. The composition of the Council of Directors of the National Bank of Kazakhstan shall be approved by the Chairman of the National Bank of Kazakhstan.

The Chairman of the National Bank of Kazakhstan shall be present at the meetings of the Council of Directors. Upon his instructions, meetings of the Council of Directors may be chaired by a Deputy Chairman of the National Bank of Kazakhstan.

The Council of Directors, in accordance with this Law shall adopt the resolutions on the issues which are within the terms of reference of the National Bank of Kazakhstan, except for the issues which are included into the terms of reference of the Board and the Chairman of the National Bank of Kazakhstan (or his deputies).

The Council of Directors shall adopt resolutions upon the issues referred to its authority.

The board of directors shall determine the structure of the annual consolidated financial statements of the National Bank of Kazakhstan.

Article 20. Affiliates, Representations, Departments and Organisations of the National Bank of Kazakhstan

Affiliates, representations and departments of the National Bank of Kazakhstan shall carry out their activities within the scope of powers established by the National Bank of Kazakhstan.

Organisations of the National Bank shall be legal entities, they shall be formed and they shall terminate their activities in accordance with legislative acts, subject to special considerations established by this Law.

The National Bank of Kazakhstan shall take decisions on formation, reorganisation and liquidation of its organisations, it shall be their foundation party and the authorised state body which exercises the right of state ownership with regard to them, including the power to regulate their activities and take decisions on changing the legal status of said organisations.

CHAPTER 4-1. EMPLOYEES OF THE NATIONAL BANK OF KAZAKHSTAN AND ITS DEPARTMENTS

Article 20-1. The Composition of Positions of Employees of the National Bank of Kazakhstan and Its Departments and Regulation of Their Labour

Employees of the National Bank of Kazakhstan and its departments shall include persons, other than administrative state and civil employees, who hold positions at the National Bank of Kazakhstan and its departments and whose work is

remunerated at the expense of the budget (estimate of expenditures) of the National Bank of Kazakhstan.

The composition of positions of employees of the National Bank of Kazakhstan and its departments shall include the following positions:

- 1) political state employees;
- 2) workers of the National Bank of Kazakhstan and its departments;
- 3) technical workers of the National Bank of Kazakhstan and its departments.

Workers of the National Bank of Kazakhstan and its departments shall include persons, other than state employees, who exercise official powers at the National Bank of Kazakhstan and its departments aimed at implementation of tasks and functions of the state.

Official duties shall mean rights and duties vested with a particular state position of workers in the National Bank of Kazakhstan and its departments which corresponds to goals and tasks entrusted to the National Bank of Kazakhstan.

The list of positions of workers of the National Bank of Kazakhstan and its departments shall be approved by the President of the Republic of Kazakhstan.

Technical workers of the National Bank and its departments shall include persons, other than civil employees, who perform labour duties related to servicing and supporting of the functioning of the National Bank of Kazakhstan and its departments.

The list of positions of technical workers shall be approved by the Council of Directors of the National Bank of Kazakhstan.

Labour of employees of the National Bank of Kazakhstan and its departments shall be regulated by the Labour Code of the Republic of Kazakhstan with special considerations established by this Law and also other regulatory legal acts of the Republic of Kazakhstan.

The work remuneration of employees of the National Bank of Kazakhstan and its departments shall be established on the basis of a single system of work remuneration of employees of bodies of the Republic of Kazakhstan approved by the President of the Republic of Kazakhstan.

Article 20-2. Conditions of Appointment to Positions of Workers at the National Bank of Kazakhstan and Its Departments

Persons intending to hold the position of a worker of the National Bank of Kazakhstan and its departments must have education, level of professional training required for holding the appropriate position in the National Bank of Kazakhstan and its departments.

The assumption of the position of a worker of the National Bank of Kazakhstan and its departments shall be carried out after passing a compulsory special examination.

The following persons may not be appointed to the position of a worker of the National Bank of Kazakhstan and its departments:

- 1) those recognised in accordance with the procedures established by law as legally incapable or having restricted legal capacity;
- 2) who during a period of three years prior to the appointment to the position of a worker of the National Bank of Kazakhstan and its departments was subject to disciplinary responsibility for the commission of a corruption violation;
- 3) who committed a corruption crime;
- 4) who was dismissed from work for the commission of a corruption violation;

5) who has a conviction that at the time of assumption of the position of a worker of the National Bank of Kazakhstan and its departments remain outstanding or unpardoned in accordance with the procedures established by law;

6) failed to pass a special examination for compliance with anticorruption legislation of the Republic of Kazakhstan.

The rules of appointment to positions and termination of employment agreements with workers of the National Bank of Kazakhstan and its departments shall be approved by the Board of the National Bank of Kazakhstan.

Article 20-3. Termination of Employment Agreements with Workers of the National Bank of Kazakhstan and Its Departments

Termination of employment agreements with workers of the National Bank of Kazakhstan and its departments shall be carried out due to the following reasons:

- 1) stipulated in the Labour Code of the Republic of Kazakhstan;
- 2) achievement of a retirement age established by law of the Republic of Kazakhstan with the right to yearly extend their tenure at the National Bank of Kazakhstan and its departments;
- 3) negative results of a special examination for compliance with anticorruption legislation of the Republic of Kazakhstan;
- 4) provision of wittingly false information about their incomes and property;
- 5) failure to comply with duties and restrictions established by this Law and the Law of the Republic of Kazakhstan “Concerning the Fighting against Corruption”;
- 6) failure to transfer into trust management their units in investment funds, bonds and shares in profit organisations;
- 7) provision at the time of joining the National Bank of Kazakhstan and its departments of wittingly false documents or information which could be a reason for refusal to accept for employment;
- 8) negative results of attestation;
- 9) other reasons stipulated in laws of the Republic of Kazakhstan.

Article 20-4. The Rights and Duties of Workers of the National Bank of Kazakhstan and Its Departments

1. Workers of the National Bank of Kazakhstan and its departments shall have the right to:

- 1) enjoy rights and freedoms which are guaranteed to citizens of the Republic of Kazakhstan by the Constitution and the Labour Code of the Republic of Kazakhstan;
- 2) participate, within the scope of their powers, in consideration of issues and making decisions on them, demand their execution by appropriate bodies and official persons;
- 3) obtain, in accordance with the established procedures, information and materials needed for the performance of official duties;
- 4) visit organisations, in accordance with the procedures established by laws of the Republic of Kazakhstan, to perform official duties;
- 5) ask the manager to exactly determine tasks and the scope of official powers in accordance with the position held by workers of the National Bank of Kazakhstan and its departments;
- 6) respect for personal dignity, fair and respectful attitudes towards them on

the part of managers, other natural and official persons;

7) retraining (requalification) and skill improvement at the expense of funds of the budget (estimate of expenditures) of the National Bank of Kazakhstan;

8) freely review materials which relate to their official powers and, where necessary, give personal explanations;

9) promotion to higher positions with reference to qualification, capabilities, diligent performance of their official powers;

10) ask for an official investigation if there are groundless, in the worker's opinion, accusations;

11) engage in pedagogic, scientific and other creative activities.

2. Workers of the National Bank of Kazakhstan and its departments shall be obliged to:

1) abide by the Constitution and legislation of the Republic of Kazakhstan;

2) swear an oath in accordance with the procedures determined by the National Bank of Kazakhstan;

3) ensure compliance with and protection of rights, freedoms and lawful interests of natural persons and legal entities, consider, in accordance with the procedures and within terms established by legislation of the Republic of Kazakhstan, petitions of natural persons and legal entities, take necessary measures in response to them;

4) exercise powers to the extent of rights vested in them and in accordance with official duties;

5) fulfill orders and commands of managers, resolutions and directives of superior bodies and official persons issued within the scope of their powers;

6) keep confidential information received in the performance of official duties which relates to personal life, honour and dignity of natural persons and not to ask them to provide such information, except for cases specified by legislation of the Republic of Kazakhstan;

7) ensure safekeeping of state-owned property;

8) immediately bring to the notice of management or law enforcement bodies cases of corruption violations which became known to them;

9) improve their professional level and qualification for effective performance of official duties;

10) not to disclose to third persons an official, commercial, banking secret, secret of insurance, pension accumulations and other information in any perceivable form on any kind of media which was obtained in the performance of their official duties, including information received while working with automated information subsystems (if accessible by them), except for cases specified by laws of the Republic of Kazakhstan;

11) within a month after the date of assumption of the position of a worker of the National Bank of Kazakhstan or its department, assign into trust management and submit to the human resources department of the National Bank of Kazakhstan a copy of a notarised agreement on trust management of their units in investment funds, bonds and shares in profit organisations.

3. Workers of the National Bank of Kazakhstan and its departments shall not have the right to acquire units in investment funds, bonds, shares of profit organisations.

4. Employees of the National Bank of Kazakhstan and its departments, in the event that they conduct in virtue of their official powers audits with respect to activity of financial organisations, their affiliates and related persons, of the Kazakhstan

Development Bank, legal entities carrying out activity in the securities market, issuers of securities, credit bureaus, insurance holding companies, insurance groups, specialised financial companies, Islamic specialised financial companies, investment funds, users of payment systems, and also persons performing currency transactions, temporary administrations (temporary administrators), liquidation commissions of banks, insurance (reinsurance) organisations (henceforth – audited subject), shall be obliged to inform immediately the superior leadership of all circumstances, which can impede the exact and impartial performance of official powers, in particular of:

close relatives (in-law relatives), spouses who are managing employees of audited entities;

close relatives or spouses who work in audited entities;

loans received from audited entities and other property obligations to audited entities.

Article 20-5. Responsibility of Workers of the National Bank of Kazakhstan and Its Departments

1. For failure to perform and inadequate performance of assigned duties and labour discipline, workers and technical workers of the National Bank of Kazakhstan and its departments shall bear responsibility in accordance with the Labour Code of the Republic of Kazakhstan.

2. For the commission of a corruption violation, unless it contains signs of a criminally punishable action, workers of the National Bank of Kazakhstan and its departments shall be subject to the following types of disciplinary punishments:

- 1) warning on professional inadequacy;
- 2) demotion to a lower position;
- 3) termination of employment agreement.

Disciplinary punishment in the form of a warning on professional inadequacy shall be imposed if there is no possibility to impose disciplinary punishment in the form of demotion to a lower position.

Disciplinary punishment in the form of demotion to a lower position shall be imposed if there is a vacant inferior position.

Disciplinary punishment in the form of termination of the employment agreement shall be imposed due to reasons specified by the Law of the Republic of Kazakhstan “Concerning the Fighting against Corruption”.

3. Disciplinary punishment shall:

1) be imposed by the official person having the right to appoint to the position and discharge from the position the worker of the National Bank of Kazakhstan and its departments who becomes liable to disciplinary punishment;

2) may not be imposed repeatedly for the same offense;

3) be imposed in accordance with the procedures determined by an act of the National Bank of Kazakhstan.

4. Workers of the National Bank of Kazakhstan and its departments who committed a disciplinary offense may be temporarily suspended from performance of official duties by the official person having the right to appoint him to the position or discharge from the position until the issue of responsibility is solved in accordance with the established procedures.

5. Disciplinary punishment for the commission of a corruption violation or violation creating conditions for corruption shall be imposed not later than three months after the date of detection of the offense and may not be imposed later than

one year after the date of commission of the offense.

6. In case of termination of a criminal case, but where actions of a person have signs of a corruption disciplinary offence, disciplinary punishment shall be imposed not later than three months from the date of passing of the resolution on termination of the criminal case, but not later than one year after the date of commission of the offence.

7. The course of one-year and three-month periods of imposition of disciplinary punishment shall be suspended in accordance with labour legislation of the Republic of Kazakhstan for a period of absence of a worker of the National Bank of Kazakhstan and its departments from work in connection with temporary inability to work, exemption from work for the performance of state or public duties, vacation leave, business trip.

8. Workers and technical workers of the National Bank of Kazakhstan and its departments must in a compulsory manner familiarize themselves with all materials related to the imposition of disciplinary responsibility, they shall be given the right to personally participate in the procedure of official investigation.

9. Workers and technical workers of the National Bank of Kazakhstan and its departments who were subject to responsibility may appeal actions and decisions of the National Bank of Kazakhstan in the court.

10. Workers and technical workers of the National Bank of Kazakhstan and its department in case of commitment by them of ~~crimes~~ criminal [modified by 42] and other violations shall be subject to criminal, administrative, financial responsibility due to reasons and in accordance with the procedures established by laws of the Republic of Kazakhstan.

CHAPTER 5. INTERACTION OF THE NATIONAL BANK OF KAZAKHSTAN WITH THE BODIES OF THE STATE POWER

Article 21. The Fundamental Principles of the Interaction

The National Bank of Kazakhstan shall be independent within the bounds of the authority granted to it by laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan. The bodies of the representative and of the executive branches shall not have the right to interfere with the activities of the National Bank of Kazakhstan and its affiliates, representations, departments and organisations in relation to the implementation of its duties affixed legislatively.

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

The National Bank of Kazakhstan shall co-ordinate its activities with the Government of the Republic of Kazakhstan. The National Bank of Kazakhstan and the Government shall be obliged to inform each other of the efforts and the results attained, which have significance to the State, and to hold regular consultations.

The National Bank of Kazakhstan in its operation shall take into account the economic policies of the Government and it shall assist its implementation, unless it contradicts the exercise of its main functions and the implementation of the monetary and lending policy.

The Chairman the National Bank of Kazakhstan or one of his Deputies shall have the right to participate in the meetings of the Government with the right to

consultative vote.

The Government shall not be liable for the obligations of the National Bank of Kazakhstan, and similarly the National Bank of Kazakhstan shall not bear any liability for the obligations of the Government, except for the cases where it assumes such a responsibility.

The National Bank of Kazakhstan and the Government of the Republic of Kazakhstan shall cooperate on issues of stability of the financial system by way of joint assessment of risk factors for financial stability, development, adoption and implementation of a complex of agreed-upon decisions for the purposes of prevention of a systemic financial crisis from occurrence and minimisation of its consequences.

Article 23. The National Bank of Kazakhstan — Bank, Financial Adviser and Agent

The National Bank of Kazakhstan may act as bank, financial adviser and agent of the state bodies pursuant to agreements with them.

Article 24. The National Bank of Kazakhstan — A Bank of the Government of the Republic of Kazakhstan

Resources 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 and perform other transactions in the accounts of the Government and render to it other services.

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

Article 25. The National Bank of Kazakhstan — A Financial Adviser of the Government of the Republic of Kazakhstan

The National Bank of Kazakhstan shall act as a financial adviser of the Government of the Republic of Kazakhstan in the elaboration and implementation of policies of state borrowing, formation of budget policies and on issues associated with money monetary and credit policies of the State.

Article 26. The National Bank of Kazakhstan — An Agent of the Government of the Republic of Kazakhstan

The National Bank of Kazakhstan shall operate as an agent of the Government of the Republic of Kazakhstan on the terms as agreed between the National Bank of Kazakhstan and the Government of the Republic of Kazakhstan.

As an agent of the Government of the Republic of Kazakhstan, the National Bank of Kazakhstan in agreement with the Government shall service state loans of the Government.

Article 27. Transactions in State Securities Issued Pursuant to the Decision of the Government of the Republic of Kazakhstan

The National Bank of Kazakhstan shall have the right to carry out transactions in state securities issued pursuant to the decision of the Government of the Republic

of Kazakhstan.

The National Bank of Kazakhstan shall not have the right to purchase state securities of the central authorised body for the implementation of the budget into its ownership when they are placed in the primary markets.

The central authorised body for the implementation of the budget shall agree monthly volumes of state securities issues as well as repayment of state debts of the Government with the National Bank of Kazakhstan, subject to their impact upon the liquidity of the banking system and priorities of money and credit policies, terms of access of financial organisations to primary placement of state securities issued pursuant to the decisions of the Government.

Article 28. Regulation of Circulation of State Securities

The National Bank of Kazakhstan shall carry out regulation of circulation of state securities of the Republic of Kazakhstan Government and local executive bodies in coordination with the central authorised body for the implementation of the budget

CHAPTER 6. MONETARY AND CREDIT POLICIES

Article 29. Elaboration and Implementation of Monetary and Credit Policies

The National Bank of Kazakhstan shall be the sole authority to define and implement the state monetary and credit policies of the Republic of Kazakhstan. Monetary and credit policies shall be implemented by the National Bank of Kazakhstan for the purpose of ensuring stability of prices.

Monetary and credit policies shall be implemented by way of establishing the following:

- official rate of refinancing;
- levels of remuneration rates for the principal monetary and credit policy operations;
- standard minimum provision requirements;
- in exceptional cases of direct quantitative restrictions with regard to the level and volumes of certain types of operations.

Article 30. Types of Monetary and Credit Policy Operations

For the purposes of implementing monetary and credit policies the National Bank of Kazakhstan shall carry out the following types of operations:

- 1) granting of loans;
- 2) acceptance of deposits;
- 3) currency interventions;
- 4) issuing of short-term notes of the National Bank of Kazakhstan;
- 5) purchase and sale of state securities and other securities, including with the buy-back right;
- 6) revaluation of commercial bills of exchange;
- 7) other transactions pursuant to decisions of Kazakhstan National Bank board.

Article 31. The Official Rate of Refinancing

The National Bank of Kazakhstan shall establish the official rate of refinancing in relation to the general condition of the money market, demand and supply of loans, inflation levels and inflation expectancy.

The National Bank of Kazakhstan shall carry out revaluation of commercial bills of exchange in accordance with the official rate of refinancing.

The official rate of refinancing shall be recognised as a reference point with regard to rates of refinancing for the principal monetary and credit policy operations.

Article 32. Provision Requirements

For the purposes of implementation of monetary-and-credit policy, the National Bank of Kazakhstan shall establish normatives of minimum reserve requirements.

The National Bank of Kazakhstan shall approve rules on minimum reserve requirements, structure of obligations of banks accepted for settlement, conditions of compliance with minimum reserve requirements, procedures for provisioning and carry out control over compliance with them.

Alteration of standard minimum provision requirements shall enter into force not earlier than one month after the adoption of such decision.

In the case of violating standard minimum provision requirements banks shall be held responsible as established by the laws of the Republic of Kazakhstan.

Within ten days from the date of appointment of the chairman of the liquidation commission the National Bank of Kazakhstan shall return to the liquidation commission of a given bank its funds reserved by the National Bank.

Article 33. Purchase and Sale of Securities

Purchase and sale of state securities and other securities shall be carried out by the National Bank of Kazakhstan within the framework of the general monetary and credit policies.

Article 34. Rates of Interest for the Principal Monetary and Credit Policy Operations

The National Bank of Kazakhstan shall establish rates of interest on the principal monetary and credit policy operations for the purpose of influencing market rates of refinancing in a financial market within the framework of monetary and credit policies which are implemented.

Article 35. Loans

The National Bank of Kazakhstan shall regulate the total amounts of borrowing by banks in accordance with the adopted reference points for monetary and credit policies.

The procedure, terms for granting and repayment, types, periods and limits with regard to the loans to be granted to banks, shall be determined by the National Bank of Kazakhstan.

The National Bank of Kazakhstan shall give loans to banks, both against

security of highly liquid and risk-free securities and other assets and without security, for a period not longer than one year. This period may be extended by the Board of the National Bank of Kazakhstan.

Assets specified by the regulatory legal acts of the National Bank of Kazakhstan may be pledged for ensuring the performance of obligations under loans of the National Bank of Kazakhstan.

Article 36. Currency Interventions

Currency interventions of the National Bank of Kazakhstan shall be carried out independently by way of purchase and sale of foreign currency and performance of other types of currency operations in interbank and exchange markets for the purpose of regulating the exchange rate of the Kazakhstani tenge.

Currency interventions of the National Bank of Kazakhstan shall be carried out within the framework of the general monetary and credit policies.

Article 36-1. Deposits

The procedure, terms of receiving and repayment, periods and limits for receiving deposits shall be determined by the National Bank of Kazakhstan.

The National Bank of Kazakhstan shall have the right to receive deposits both in the National and foreign currency.

Article 36-2. Short-Term Notes of the National Bank of Kazakhstan

Short-term notes of the National Bank of Kazakhstan – state emission securities issued by the National Bank of Kazakhstan obligations in respect of which are borne by the National Bank of Kazakhstan.

The procedure and terms of issue, placement, circulation and redemption of short-term notes shall be defined by the National Bank of Kazakhstan.

The National Bank of Kazakhstan in accordance with the purposes of monetary and credit policies shall have the right to carry out issues of short-term notes both in the National and foreign currency.

Article 36-3. Revaluation of Commercial Bills of Exchange

The National Bank of Kazakhstan shall establish the procedure for revaluation of commercial bills of exchange and conditions applicable for acceptance of commercial bills of exchange for revaluation by the National Bank of Kazakhstan.

Article 37. Quantitative Restrictions on Banking Transactions

The maximum levels of the rates on certain types of transactions and deals, direct restriction of crediting, freezing of remuneration rates direct regulation of specific types of credit for the purpose of incentivising or inhibiting the development of certain sectors shall be understood to mean direct quantitative restrictions.

The National Bank of Kazakhstan shall have the right to introduce direct quantitative restrictions in the cases where it is impossible to slow-down inflationary processes with indirect methods of monetary and credit regulation.

CHAPTER 7. THE MONETARY CIRCULATION AND THE MONETARY UNIT

Article 38. The Monetary Unit

The Kazakhstani Tenge shall be the monetary unit (the national currency) of the Republic of Kazakhstan. A Kazakhstani Tenge shall consist of 100 tiyns.

The money of the Republic of Kazakhstan which are in the circulation shall be bank notes and coins.

The structure of denominations of the bank notes and coins shall be determined by the National Bank of the Republic of Kazakhstan.

Article 39. Legal Tender

The Kazakhstani Tenge shall be legal tender in the Republic of Kazakhstan, except for the cases provided for by legislative acts and regulatory legal acts of the National Bank of Kazakhstan.

Article 40. Issuing Bank Notes and Coins

Issuing bank notes and coins, organisation of their circulation and withdrawal from circulation in the territory of the Republic of Kazakhstan shall be carried out exclusively by the National Bank of Kazakhstan.

Issuing bank notes and coins into circulation shall be carried out by the National Bank of Kazakhstan by way of their sale to physical persons and legal entities.

Article 41. Security of the Monetary Unit

The bank notes and coins of the National Bank of Kazakhstan shall be unconditional obligations of the National Bank of Kazakhstan and they shall be ensured with all its assets.

The National Bank of Kazakhstan shall regularly publish in mass media information about amounts of gold and foreign exchange reserves.

Article 42. The Manufacture and Specifications of Bank Notes and Coins

The National Bank of Kazakhstan shall determine the volume of the required amount of bank notes and coins, it shall ensure their manufacture, establish the procedure for storage, destruction and encashment of the cash funds.

Coins shall be subdivided into following types:

investment coins — coins manufactured out of precious metals which are an investment and savings items;

collection coins — anniversary, memorial and other special print coins manufactured in limited numbers both of precious and non-precious metals which are numismatic items and savings items;

circulation coins — coins manufactured of non-precious metals and intended for cash monetary circulation.

Bank notes and coins issued in the Republic of Kazakhstan must have the nominal value, shape and ornamental graphics. The indicated features of the bank

notes and coins shall be published in the press.

Article 43. Requirement of Acceptance of the Bank Notes and Coins

Bank notes and coins issued into circulation by the National Bank of Kazakhstan, shall be compulsory for acceptance at their nominal value in the entire territory of the Republic of Kazakhstan in any types of payments, and also for inclusion into ~~accounts, deposits, letters of credit~~ bank accounts [replaced by 10] and for transfer, they shall be exchangeable without restriction in any banks of the Republic of Kazakhstan.

Nobody, except for the National Bank of Kazakhstan may declare bank notes and coins issued by the National Bank of Kazakhstan as invalid.

Article 43-1. Selling and Buying of Bank Notes and Coins by the National Bank of Kazakhstan

Selling, buying and circulation coins by the National Bank of Kazakhstan shall be carried out in accordance with their nominal value.

Selling and buying by the National Bank of Kazakhstan of investment and numismatic coins shall be in accordance with the procedure established by the regulatory legal acts of the National Bank of Kazakhstan.

Article 44. The Right to Replace the Monetary Unit

The President of the Republic of Kazakhstan shall have the right to replace the monetary unit. The President of the Republic of Kazakhstan shall define the procedure, deadlines and terms of functioning of the monetary unit of the Republic of Kazakhstan.

Article 45. Replacement of Bank Notes and Coins

The procedure for determining the validity and exchange of used bank notes and coins shall be established by the National Bank of Kazakhstan and it shall be published in the press.

Article 46. Old and Damaged Banknotes

Old and damaged banknotes that retain not less than seventy percent of their full size, without restrictions shall be replaced by the National Bank of Kazakhstan and by banks of the Republic of Kazakhstan.

Old and damaged banknotes retaining more than fifty percent shall be accepted by the National Bank of Kazakhstan and they shall be replaced in accordance with the rules established by it.

The National Bank of Kazakhstan shall not be obliged to compensate for lost or destroyed banknotes and coins.

Article 47. The Responsibility for Illegitimate Manufacture of Bank notes and Coins

Persons who are guilty of illegitimate manufacture of bank notes and coins,

and also of performing unauthorised issue of cash funds, shall bear criminal and financial responsibility in accordance with the legislative acts of the Republic of Kazakhstan

Article 47-1. Organisation of Cash Services

CHAPTER 8. ORGANISATION OF PAYMENTS AND TRANSFERS OF FUNDS

Article 48. The Powers of the National Bank of Kazakhstan in Organisation and Regulation of Payments and Transfers of Funds and Payment Systems

The National Bank of Kazakhstan shall organise, coordinated, regulate the performance of payments and transfers of funds and it shall establish:

1) rules and special considerations in applying techniques of making payments and (or) transfers of funds, main requirements to the contents of ~~payment~~ *[excluded by 28]* orders;

2) procedure and conditions of making payments with the use of cash money.

The National Bank of Kazakhstan shall adopt regulatory legal acts aimed at ensuring the efficiency and reliability of functioning of payments systems in the territory of the Republic of Kazakhstan.

Supervision (oversight) of payment systems shall be activity of the National Bank of Kazakhstan that is carried out for the purposes of ensuring effective, safe and failure-free functioning of payment systems in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

For the purposes of performing supervision (oversight) of payment systems the National Bank of Kazakhstan shall have the right:

1) to establish the procedure for performance of supervision (oversight) of payment systems;

2) to pass regulatory legal acts determining conditions and procedure for organisation and functioning of payment systems;

3) to perform monitoring of payment systems;

4) to inspect organisation and functioning of payment systems;

5) to receive information on issues of payments and remittances of money, functioning of payment systems from participants in and operators of payment systems;

6) conduct audits of activity of participants in payment systems.

The National Bank of Kazakhstan within the bounds of its authority shall have the right to participate in the organisation of a system of international (interstate) payments.

Article 48-1. The Authority of the National Bank of Kazakhstan For Organisation and Regulation of Payment Systems

Article 49. Accounts

The National Bank of Kazakhstan shall establish the types, legal regime and structure for bank accounts, procedure and conditions for opening, maintenance and closing accounts.

Article 50. Methods of Performing Payments and Transfers of Funds

The methods of performing payments and transfers of funds used in the territory of the Republic of Kazakhstan shall be established by legislative acts and by regulatory legal acts of the Republic of Kazakhstan adopted in accordance with legislative acts.

CHAPTER 8-1. ASSISTANCE IN ENSURING THE STABILITY OF THE FINANCIAL SYSTEM

Introduced by 37) Law No. 30 of 5th July 2012 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of the Organisation of Activity of the National Bank of the Republic of Kazakhstan, Regulation of the Financial Market and Financial Organisations.

Article 51-1. Development and Implementation of Measures to Ensure the Stability of the Financial System

The National Bank of Kazakhstan shall, alone and (or) in cooperation with other state bodies within the scope of their competence, develop and implement measures aimed at ensuring the stability of the financial system.

For the purposes of assistance in ensuring the stability of the financial system, the National Bank of Kazakhstan shall:

- 1) carry out regular monitoring of macroeconomic and macro-financial factors influencing the stability of the financial system;
- 2) carry out macro-prudential regulation of the financial system;
- 3) act as a lender of last resort to banks in accordance with procedures, subject to conditions and within terms established by the Board of the National Bank of Kazakhstan.

Article 51-2. Macro-prudential Regulation

Macro-prudential regulation shall be understood as a complex of administrative, organisational and legal measures aimed at regulating systemic risks in the financial system.

Systemic risks shall be understood as risks in the financial system on the whole the occurrence of which results in its destabilization and undermines its stable functioning. Systemic risks in the financial system shall also include risks of system-forming financial organisations.

System-forming financial organisations shall be understood as financial organisations stable functioning of which is vital to the stability of the financial system on the whole.

For the purposes of carrying out macro-prudential regulation, the National Bank of Kazakhstan shall:

- 1) on a regular basis, carry out the monitoring of systemic risks in the financial system;
- 2) determine procedures for classifying financial organisations as system-forming ones;
- 3) for the purposes of decreasing the level of systemic risks in the financial

system and preventing their occurrence, have the right to establish prudential normatives and (or) other norms and limits for system-forming financial organisations mandatory for fulfillment;

4) in case of occurrence or a threat of occurrence of a systemic financial crisis, alone or together with the Government of the Republic of Kazakhstan, impose restrictions on conduct of certain types of banking and other operations by financial organisations.

CHAPTER 9. TRANSACTIONS OF THE NATIONAL BANK OF KAZAKHSTAN

Article 52. Owners of Bank Accounts in the National Bank of Kazakhstan

The legal entities that open accounts in the National Bank of Kazakhstan in accordance with the procedure established by the Board of the National Bank of Kazakhstan and banks shall be deemed to be owners of bank accounts in the National Bank of Kazakhstan.

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

The National Bank of Kazakhstan shall carry out the following transactions in the National Currency:

1) grant loans to owners of bank accounts opened in the National Bank of Kazakhstan, for periods not longer than one year under the security of high-liquidity, non-risk securities and other assets, except for the cases provided for by this Law;

2) re-discount commercial promissory notes of first-class issuers of promissory notes with maturity periods of not more than one year;

3) purchase and sell governmental securities;

4) purchase and sell certificates of deposit, debt securities which the National Bank of Kazakhstan believes suitable for securing loans;

5) accept deposits, perform payments and transfers of funds accept securities and other valuables for safe custody and management;

6) perform transactions in derivative financial instruments;

7) when required, open accounts in banks and financial organisations in the territory of the Republic of Kazakhstan and beyond its boundaries;

8) issue cheques and bills of exchange;

9) perform other bank operations as well as transactions in its own name in accordance with its purposes, unless it is expressly prohibited by this Law.

~~Article 53. Securing Loans~~

Article 54. Restrictions on the Transactions of the National Bank of Kazakhstan

The National Bank of Kazakhstan shall not have the following rights:

- to service organisations and purchase shares of legal entities, except for the cases stipulated in this Law.

- to engage in commercial, and other activities, except for those permitted by the current legislation;

- to issue credits without security, except for the cases which are directly stipulated in the legislative acts of the Republic of Kazakhstan;
- to extend issued loans or to permit the resumption of expiring bills of exchange.

Exceptions from of the cases stipulated in the first part of this Article may be made only in pursuance of a special resolution of the Board of the National Bank of Kazakhstan.

CHAPTER 10. ACTIVITIES OF THE NATIONAL BANK OF KAZAKHSTAN IN THE SPHERE OF FOREIGN ECONOMIC RELATIONS. TRANSACTIONS INVOLVING CURRENCY ASSETS

~~Article 55. Interaction of the National Bank of Kazakhstan with Banks of Other States~~

Article 56. The Functions of the National Bank of Kazakhstan in the Field of Currency Regulation and Currency Control

The National Bank of Kazakhstan shall:

- 1) establish the procedure for circulation of currency values in the Republic of Kazakhstan;
- 2) establish rules for making by residents and non-residents currency transactions in the Republic of Kazakhstan;
- 3) establish standard rules and conditions for formulating by residents transactions certificates in respect of export and import and the procedure for performance of export-import currency control for the purposes of ensuring fulfillment by residents of the requirement concerning repatriation;
- 5) establish the procedure for licensing and issue licenses and (or) supplements to licenses to carry out activities associated with the organisation of exchange transactions in ready foreign currency;
- 6) establish the procedure for opening exchange offices and issue certificates of exchange offices of authorized banks;
- 7) establish qualification requirements to activity associated with the organisation of exchange transactions in ready foreign currency;
- 8) establish the procedure for performance of registration and notification concerning currency transactions, concerning opening by residents of the Republic of Kazakhstan accounts at foreign banks, and also issue registration certificates and notification certificates;
- 9) determine the procedure for establishment of limits of departure of purchase rates from sale rates of foreign currency for the tenge in respect of transactions that are made through exchange offices;
- 9-1) establish procedures for and carry out the monitoring of currency transactions of nonresidents carrying on activities in the territory of the Republic of Kazakhstan (currency monitoring);
- 10) issue special permits for making of currency transactions within the framework of the special currency regime;
- 11) establish, in coordination with state bodies in accordance with their competence, procedures for and forms of accounting for and reporting on currency transactions mandatory for fulfillment by residents and nonresidents in the Republic of Kazakhstan, as well as procedures and deadlines for presentation of reports by

currency control agents;

12) in cases of establishment of facts of violation by banks and other persons of the banking and currency legislation of the Republic of Kazakhstan, apply sanctions which are provided for by the banking and currency legislation of the Republic of Kazakhstan.

The National Bank of Kazakhstan shall have the right to perform other functions in the field of currency regulation and currency control in accordance with this Law, other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan. *[introduced by 33]*

Article 57. Transactions in Assets in Foreign Currencies and Precious Metals

The National Bank of Kazakhstan shall carry out the following transactions in assets in foreign currencies and precious metals:

purchase and sell foreign currencies;

carry out transactions in securities issued and guaranteed by the Government of the Republic of Kazakhstan in foreign currency, governments of foreign states or international financial organisations;

open accounts at banks in the Republic of Kazakhstan, foreign central banks, foreign banks and other financial institutions which have appropriate right under legislation of states in which they are registered, as well as at international financial organisations;

open and maintain accounts, act as a representative or correspondent to foreign central banks, foreign banks and other financial institutions which have appropriate right under legislation of states in which they are registered, foreign governments and their agents, as well as international financial organisations;

perform the receiving and storage of refined gold, other precious metals;

perform transactions relating to purchase, sale, placement for storage and deposition of refined gold and other precious metals in the home and foreign markets, in particular those relating to purchase of refined gold within the framework of implementation of the priority right of the state;

in accordance with the procedures established by legislation of the Republic of Kazakhstan, import to the Republic of Kazakhstan assets in foreign currencies and precious metals, and export them abroad for lodging with its accounts at foreign banks and specialised financial organisations;

carry out transactions in securities requirements to which are determined by the Board of the National Bank of Kazakhstan;

carry out transactions in instruments of the money market with counterpartners which have been assigned a credit rating, the minimum level of which is determined by the Board of the National Bank of Kazakhstan;

carry out transactions in derivative financial instruments in accordance with regulatory legal acts of the National Bank of Kazakhstan;

open and maintain metal accounts of clients;

carry out other transactions pursuant to decisions of the Board of the National Bank of Kazakhstan.

The National Bank of Kazakhstan shall carry out any types of currency transactions without limitations.

For the purposes of achievement of the goal and accomplishment of tasks provided for by this Law, the National Bank of Kazakhstan shall carry out activities

on management of assets in foreign currencies and precious metals by ensuring their safety, liquidity and profitability in the long run, with due regards for risks of investing of assets and in accordance with the main principles of their management.

Article 58. Gold and foreign exchange reserves of the National Bank of Kazakhstan

Gold and foreign exchange reserves of the National Bank of Kazakhstan (hereinafter – the gold and foreign exchange reserves) shall be formed for the purposes of maintenance of internal and external stability of the Kazakhstan's tenge at the expense of assets of the National Bank of Kazakhstan characterised by high liquidity in international capital markets, and they shall include:

- refined gold bullion and gold on metal accounts;

- reserve position at the International Monetary Fund and assets in special drawing rights at the International Monetary Fund;

- assets in freely convertible foreign currencies, including cash, deposits lodged with foreign banks, and securities issuers of which are foreign governments or international financial organisations;

- other foreign assets denominated in freely convertible foreign currencies characterised by liquidity and possibility to use without restrictive conditions.

The National Bank of Kazakhstan shall provide for the maintenance of gold and foreign exchange reserves at a level necessary to ensure the stability and convertibility of the national currency, payments to settle obligations of the Republic of Kazakhstan.

It shall not be allowed to use gold and foreign exchange reserves in the form of extension of credits (loans, grants) and provision of guarantees or other obligations to residents and nonresidents of the Republic of Kazakhstan, except for cases stipulated in resolutions of the Board of the National Bank of Kazakhstan.

An increase and change in the structure of gold and foreign exchange reserves shall be carried out by the National Bank of Kazakhstan through:

- purchases of refined gold for Kazakhstan's tenge and foreign currencies;

- purchases of assets in freely convertible foreign currencies for Kazakhstan's Tenge (including commemorative and souvenir coins) and foreign currencies from residents and nonresidents of the Republic of Kazakhstan, as well as from the Government of the Republic of Kazakhstan;

- proceeds in gold and freely convertible foreign currencies of commission fees and other interests from deposit, investing, dealing transactions in foreign currencies and transactions in securities denominated in foreign currencies, as well as from credits given by it in foreign currencies;

- proceeds in gold and freely convertible currencies from the conduct by the National Bank of Kazakhstan of sale, consignment and other transactions in gold, including proceeds from transactions in securities of the National Bank of Kazakhstan denominated in refined gold;

- proceeds in freely convertible foreign currencies from issuance by the National Bank of Kazakhstan of emission securities in foreign currencies;

- conversion of assets in foreign currency and precious metals into gold and foreign currency resources in accordance with the general principles of administration of assets in foreign currency and precious metals;

- proceeds from credits received by the National Bank of Kazakhstan from international financial organisations, central banks of foreign states and other lenders;

proceeds in freely convertible foreign currencies from services rendered by the National Bank of Kazakhstan in accordance with this Law and the Regulations concerning the National Bank of Kazakhstan.

A decrease and change in the structure of gold and foreign exchange reserves shall be carried out by the National Bank of Kazakhstan by way of:

- selling freely convertible currencies for the purposes of implementation of monetary and credit policies, including exchange rate policies, and equilibration of imbalances between demand and supply of foreign currencies in the domestic currency market;

- repaying and servicing foreign debt of the Republic of Kazakhstan, fulfilling obligations of the Government of the Republic of Kazakhstan and the National Bank of Kazakhstan, international obligations of the Republic of Kazakhstan, including international obligations of the National Bank of Kazakhstan, at the expense of funds from the budget and from the budget (estimates of expenditures) of the National Bank of Kazakhstan;

- paying for importation of products (work, services), maintaining diplomatic and other representations abroad, paying travel and entertainment expenses;

- selling assets in freely convertible foreign currencies for the acquisition of other foreign currencies;

- redeeming emission securities of the National Bank of Kazakhstan;

- repaying principal amounts and interests on credits received by the National Bank of Kazakhstan, and also paying commission charges and other related expenses;

- conversion of gold and foreign currency resources into other assets in foreign currency and precious metals in accordance with the general principles of administration of assets in foreign currency and precious metals;

- selling refined gold for Kazakhstan's tenge and foreign currencies;

- paying expenses associated with the management and storage of assets in foreign currencies and precious metals;

- writing off unprofitable gold and foreign exchange reserves.

An increase or decrease in gold and foreign exchange reserves shall also occur as a result of changes in market values of assets that form part of gold and foreign exchange reserves, and transactions of resident owners of bank accounts in freely convertible currencies opened at the National Bank of Kazakhstan.

Article 59. The Priority Right of the State to Purchase Refined Gold for the Replenishment of Assets in Precious Metals

The Republic of Kazakhstan shall have the priority right to enter into transactions on acquisition of refined gold for the replenishment of assets in precious metals with mining and producing entities.

The National Bank of Kazakhstan shall be the body exercising the priority right of the state to purchase refined gold for the replenishment of assets in precious metals from mining and producing entities.

In case of sale by mining and producing entities, refined gold shall be offered as a matter of priority to the National Bank of Kazakhstan.

The priority right of the state shall be exercised by way of acquisition of refined gold at prices calculated using prices formed in international markets, less transportation costs, selling costs and a quality discount which is applied in case of purchase of refined gold that does not meet the international quality standards adopted by the London Bullion Market Association and described in documents of the

association as the standard “London good delivery”.

Procedures for implementation of the priority right of the state to purchase refined gold for the replenishment of assets in precious metals shall be established by the Board of the National Bank of Kazakhstan.

In case of refusal by the National Bank of Kazakhstan to exercise the priority right of the state to purchase refined gold, entities mining and producing refined gold shall sell it at their own discretion.

~~Article 60. Accounting for Revaluation of Gold and Currency Assets~~

CHAPTER 11. PROCEDURES FOR ORGANISING AND IMPLEMENTING CONTROL AND SUPERVISION OF THE FINANCIAL MARKET AND FINANCIAL ORGANISATIONS AND IN THE SPHERE OF FINANCIAL LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN

Article 61. Powers of the National Bank of Kazakhstan and Its Department Related to Control and Supervision

1. The National Bank of Kazakhstan and its department shall carry out the control over compliance by entities and participants in the financial market with the requirements established by the legislation of the Republic of Kazakhstan concerning banking activities, insurance and insurance activities, currency regulation and currency control, payments and money transfers, pension support, securities market, accounting and financial reporting, state statistics, credit bureaus and the formation of credit histories, post, the Kazakhstan Development Bank, micro-financial organisations, and also in accordance with this Law and other laws of the Republic of Kazakhstan, and in case of detection in the process of performance of their control functions of violations of the said requirements they shall initiate administrative proceedings or apply other measures provided for by laws of the Republic of Kazakhstan.

2. The National Bank of Kazakhstan and its department shall carry out the supervision of compliance by entities and participants in the financial market with the requirements established by the legislation of the Republic of Kazakhstan concerning banking activities, insurance and insurance activities, currency regulation and currency control, payments and money transfers, pension support, securities market, accounting and financial reporting, credit bureaus and the formation of credit histories, post, the Kazakhstan Development Bank, micro-financial organisations, and in accordance with this Law and other laws of the Republic of Kazakhstan, and in case of detection in the process of performance of its supervisory functions of violations of rights and lawful interests of consumers of financial services and violations that constitute a threat to the national and economic safety of the Republic of Kazakhstan, the stability of its financial system they shall apply measures provided for by laws of the Republic of Kazakhstan without initiating administrative proceedings.

3. The National Bank of Kazakhstan and its department shall carry out the control and supervision in the form of performance of audits and other forms in accordance with this Law.

4. The National Bank of Kazakhstan shall cooperate with central banks and control and supervisory bodies of other states and have the right to exchange, subject to confidentiality requirements, information required for the performance of control

and supervisory functions.

Article 62. Types of Audits of the National Bank of Kazakhstan and Its Department

1. The National Bank of Kazakhstan and its department shall perform, alone or in cooperation with other state bodies and (or) organisations, scheduled, unscheduled and documentary audits of activities of audited entities, either with complete coverage or selectively with respect to particular aspects of their activities.

2. Scheduled audits by the National Bank of Kazakhstan and its department shall be performed by visiting audited entities in accordance with a plan of audits not more than once a year.

Planning of audits by the National Bank of Kazakhstan or its department shall be carried out on a semiannual basis. Amendments and additions to semiannual plans of performance of audits shall not be allowed.

Plans of audits shall be approved by the Chairman of the National Bank of Kazakhstan or other authorised official persons on the basis of an appropriate order of the Chairman of the National Bank of Kazakhstan.

3. Unscheduled audits by the National Bank of Kazakhstan and its department shall be performed by visiting audited entities in the following cases:

1) in connection with receipt of requests from natural persons and legal entities and inquiries from state bodies sent in accordance with the procedures established by legislation of the Republic of Kazakhstan, and receipt of other information about violations of legislation of the Republic of Kazakhstan and infringement of rights and lawful interests of consumers of financial services;

2) in case of detection by the National Bank of Kazakhstan and (or) its department, as part of performance of control and supervisory functions, of violations of the requirements of legislation of the Republic of Kazakhstan and infringement of rights and lawful interests of consumers of financial services;

3) in case of existence of a threat to the national and economic safety of the Republic of Kazakhstan, the stability of its financial system;

4) for the purposes of control over removal of violations of the requirements of legislation of the Republic of Kazakhstan identified in the course of a previous audit.

An unscheduled audit may cover simultaneously activities of several entities with regard to issues related to their compliance with certain requirements of legislation of the Republic of Kazakhstan.

4. A documentary audit by the National Bank of Kazakhstan or its department shall be performed without visiting an audited entity in the form of request of documents and information in case of detection of signs of violations of the requirements of legislation of the Republic of Kazakhstan in the process of analysis of primary statistical and administrative data or in connection with the receipt of requests from natural persons, legal entities and state bodies and other information necessitating an audit of compliance with legislation of the Republic of Kazakhstan with respect to issues falling within the competence of the National Bank of Kazakhstan and its department.

Article 62-2. General Procedures for Organising and Performing a Scheduled, Unscheduled Audit

1. Scheduled, unscheduled audits shall be performed by the National Bank of

Kazakhstan and its department on the basis of an act on assignment of an audit (hereinafter – the act on assignment of audit) approved by a Deputy Chairman of the National Bank of Kazakhstan, heads of the department and territorial affiliates of the National Bank of Kazakhstan or other authorised official persons on the basis of an appropriate order.

In case of assignment of a scheduled or unscheduled audit, the act on its assignment shall be registered in a journal for registration of acts on assignment of audit. Divisions of the central office, territorial affiliates and the department of the National Bank of Kazakhstan shall keep separate journals for registration of acts on assignment of audit.

The National Bank of Kazakhstan or its department shall register acts on assignment of audit with the authorised body for legal statistics and special records not later than two working days after the commencement of audit.

The following information shall be indicated in an act on assignment of audit:

- 1) number and date of the act;
- 2) surname, initials and position of auditing employees, and also persons who were entrusted with the leadership of the audit;
- 3) name of the audited entity in respect of which the performance of the audit was assigned, its place of location;
- 4) type of audit;
- 5) issues to be audited;
- 6) term of performance of the audit;
- 7) period to be audited.

2. Commencement of performance of a scheduled, unscheduled audit shall be the date of service to the chief executive officer (his deputy) of the audited entity of a copy of the act on assignment of audit. After the delivery to the audited entity of a copy of the act on assignment of audit, a mark that it was received and read shall be written on the original.

In case of refusal to accept the act on assignment of audit or prevention of access of official persons of the National Bank of Kazakhstan or its department who perform the audit to materials required for the performance of such audit, an appropriate act shall be drawn up. The act shall be signed by the official person of the National Bank of Kazakhstan or its department who performs the audit. In case of refusal of an employee of the audited entity to accept the act on assignment of audit, an appropriate record shall be made therein. Refusal to accept the act on assignment of audit shall not be a reason for the cancellation of the audit. In case of refusal of the audited entity to provide documents, information within time frames specified in requests of the auditing team, failure to comply with the conditions of this Article which entailed the impossibility of performance of the audit within the established period of time, the audit shall be considered as missed by the decision of the audit leader in coordination with the official person authorised to approve acts on assignment of audit.

In case of absence of the chief executive officer (his deputy) of the audited entity, a copy of the act on assignment of audit shall be handed to an employee of the audited entity or its founder (one of the founders) against signature on the original of the act.

In case of handing of a copy of the act on assignment of audit to an employee of the audited entity or to its founder (one of the founders), the copy of the act on assignment of audit with a mark that it was received by the chief executive officer (his deputy) of the audited entity must be presented to official persons of the National

Bank of Kazakhstan or its department within two working days after the date of handing of the act on assignment of audit.

In case of impossibility to hand a copy of the act on assignment of audit to an employee of the audited entity or to its founder (one of the founders), it shall be sent by registered mail with delivery notification to the place of registration of the audited entity and (or) its chief executive officer (his deputy). In case if the mail is returned and it is impossible to deliver the act on assignment of audit within a period of time established for the performance of it, the audit shall be considered as missed. In this case, the audit leader shall notify the official person authorised to approve acts on assignment of audit in writing about it.

3. The audited entity, not later than the next day after the commencement of audit, shall present a letter to an audit leader or auditing employee of the National Bank of Kazakhstan or its department containing information about the following:

1) officer responsible for the assistance to performance of the audit, and also for reviewing and signing an act on completion of the audit, intermediary act and (or) act on findings of audit, as well as person who deputizes for him;

2) specialists of the audited entity responsible for the preparation of necessary documents (information), timely submission thereof to auditing employees and (or) acceptance of intermediary acts from auditing employees.

4. The period of performance of a scheduled, unscheduled audit must not exceed thirty working days. In connection with significant scope of audit, the period of performance of a scheduled, unscheduled audit may be extended only once for a period not longer than thirty working days on the basis of an additional act on extension of audit approved by a Deputy Chairman of the National Bank of Kazakhstan, heads of the department and territorial affiliates of the National Bank of Kazakhstan or other authorised official persons. The additional act on extension of audit shall contain the number and date of the previous act on assignment of audit.

5. The audited entity shall be obliged to provide auditing employees with a permit to access its administrative buildings (including on holidays and weekends), a separate room for work furnished with office equipment and intercity communication, grant access to information related to activities of the audited entity, including to automated systems and databases in real time regime without the possibility to correct data (in read-only mode with the possibility to print data to paper), provide auditing employees with the possibility to take copies of necessary documents, including in an electronic form, and also to ensure presentation of explanations (oral and written) to questions of auditing employees and render assistance to auditing employees in timely completion of the audit.

6. Auditing employees shall send written requests to the chief executive officer of the audited entity, officer responsible for the assistance to performance of the audit, or other authorised employee of the audited entity which must be fulfilled within established timeframes.

The audited entity shall be obliged, on the day of receipt of a request from auditing employees or within timeframes established in the request, to provide all necessary information and documents, including copies thereof, for attachment to audit materials.

7. In case of replacement of an auditing employee (change to the composition of the audit team), an additional act shall be drawn up in which the number and date of the act on assignment of audit drawn up earlier and reasons for the replacement of the auditing employee (change to the composition of the audit team) shall be specified.

8. The date of completion of a scheduled, unscheduled audit shall be the date of delivery to the audited entity of an act on completion of audit. The act on completion of a scheduled, unscheduled audit shall be signed by the audit leader and his immediate manager and shall be delivered to the audited entity not later than the expiration of the term of performance of the audit specified in the act on assignment of it.

Article 62-3. Special Considerations In Performing a Documentary Audit

1. No act on assignment of audit shall be required to be drawn up for a documentary audit.

2. In case of a documentary audit for the purposes of clarifying additional circumstances, a request signed by the authorised official person shall be sent to the audited entity which contains:

- 1) name of the audited entity, its place of location;
- 2) reason for a documentary audit;
- 3) list of documents which the audited entity must submit to the National Bank of Kazakhstan or its department;
- 4) deadline for presentation of requested materials;
- 5) information that requires explanations from the audited entity, where necessary.

3. The audited entity shall provide requested documents and explanations not later than fifteen working days after the date of receipt of the request, unless otherwise specified in the request.

4. Completion of a documentary audit shall be the date of signing by the authorised official person of a conclusion on its findings, which does not need to be signed by the audited entity.

Article 62-4. Other Issues Related to Audits

1. Auditing employees of the National Bank of Kazakhstan or its department in case of need shall draw up intermediary acts which are provided to the audited entity for review.

2. Within two working days after the date of receipt of an intermediary act, the audited entity shall return one copy of the intermediary act signed by the chief executive officer (his deputy) or officer responsible for the assistance to performance of the audit, and present its written objections to the audit leader in case if there are comments on the contents of the intermediary act.

Conclusions stated in intermediary acts shall be of preliminary nature and may be revised in the act on findings of audit considering objections and additional information received from the audited entity, in particular from third persons.

3. Within thirty working days after the date of completion of a scheduled, unscheduled audit two copies of the act on findings of the audit signed by auditing employees of the National Bank of Kazakhstan or its department, audit leader and his immediate manager shall be sent to the chief executive officer of the audited entity.

An act on findings of audit shall contain the following information:

- 1) date and place of preparation of the act;
- 2) name of the body which performed the audit;
- 3) date and number of the act on assignment of audit based on which the audit was performed;

4) surname, initials and position of the person (persons) who performed the audit;

5) name of the audited entity, its place of location, business identification number (if available), surname, name and patronymic (if available) of the chief executive officer of the audited entity or his deputy;

6) place and period of performance of the audit;

7) information about findings of the audit, including identified violations;

8) information that the chief executive officer (his deputy) or officer responsible for the assistance to performance of the audit of the audited entity or other person specified in paragraph 7 of this Article familiarized himself with the act on findings of audit;

9) signature(s) of the official person (persons) who performed the audit.

Necessary documents (information) or their copies related to audit findings shall be attached to the act on findings of audit.

4. The chief executive officer (his deputy) or officer responsible for the assistance to performance of the audit of the audited entity shall accept the first copy of the act on findings of audit, sign each page of the second copy of the act, put on its last page a mark as to the date of receipt with indication of the position, surname, name, patronymic (if available) and, not later than the next day after the receipt of the act on findings of audit, send it to the National Bank of Kazakhstan or its department. Findings of the audit stated in the act on findings of audit shall be brought by the audited entity to the notice of executive and other governing bodies of the audited entity.

5. In case if there are objections to audit findings, the audited entity shall, within ten working days after the receipt of the act on findings of audit, send them to the National Bank of Kazakhstan or its department in writing.

6. Findings of the audit of the audited entity stated in the act on findings of a scheduled, unscheduled audit in case of need shall be considered at a meeting presided by the Chairman of the National Bank of Kazakhstan (his deputies), head of its department (his deputies), heads of divisions of the National Bank of Kazakhstan or its department (their deputies), persons entrusted with leadership of the audit, by inviting officers of the audited entity.

Results of the meeting shall be documented in a protocol signed by the chairman of the meeting, and be sent within five working days after the date of signing for review to the chief executive officer of the audited entity. In case if there are objections, within three working days after the date of receipt of the protocol of meeting the audited entity shall send them to the National Bank of Kazakhstan or its department in writing.

In case of disagreement of the National Bank of Kazakhstan or its department with objections of the audited entity to the protocol of meeting, a final decision shall be made by the Chairman of the National Bank of Kazakhstan or head of its department, or their deputies and shall be brought to the notice of the chief executive officer of the audited entity.

7. The act on findings of a scheduled, unscheduled audit on the part of the audited entity shall be signed by the chief executive officer, his deputy or officer responsible for the assistance to performance of the audit.

In case of absence of the chief executive officer of the audited entity, his deputy or officer responsible for the assistance to performance of audit, the act on findings of a scheduled, unscheduled audit on the part of the audited entity may be signed by its founder (one of its founders) or other employee acting on behalf of the

audited entity, including on the basis of an appropriate order and (or) power of attorney.

8. In cases of absence of the persons specified in paragraph 7 of this Article and impossibility to hand to them an act on results of the audit to sign, the act on results of the audit shall be considered as formulated from the date of signing of the act on results of the audit by the auditing persons.

9. Findings of audit shall be used solely for the purposes of performance by the National Bank of Kazakhstan or its department of their functions.

10. Acts on findings of a scheduled, unscheduled audit may not be used by audited entities to confirm their financial solvency for advertising or other purposes and transferred without the consent of the National Bank of Kazakhstan or its department to third persons, except for cases provided for by laws of the Republic of Kazakhstan.

11. In case of discrepancies between documentary data in financial and other reports presented by the audited entity to the National Bank of Kazakhstan or its department and information stated in the act of findings of a scheduled, unscheduled audit, the audited entity shall under instructions from the National Bank of Kazakhstan or its department bring its reports in accordance with actual data specified in the act on findings of audit, including as on previous reporting dates.

12. Within a period of time established by the department of the National Bank of Kazakhstan, the audited entity shall present for coordination a plan of actions with planned measures, responsible officers and time frames for the removal of violations and shortages identified in the course of the audit.

Upon coordination of the plan of actions with the department of the National Bank of Kazakhstan, the audited entity shall present reports on removal of violations and shortages or explanations of reasons for failure to fulfill undertaken obligations under the plan of actions.

13. Failure by an audited entity to comply with the requirements specified in the fourth part of paragraph 2, paragraphs 3, 5 and 6 of Article 62-2, paragraph 3 of Article 62-3 of this Law, and also paragraphs 2, 4 and 12 of this Article shall be a reason for the application to the audited entity or its chief executive officer of restricted measures of influence and sanctions provided for by laws of the Republic of Kazakhstan.

14. Employees of the National Bank of Kazakhstan and its department shall be prohibited from disclosing or transferring to third persons information obtained in the course of an audit of activities of an audited entity.

15. For disclosure of information obtained in the course of an audit of activities of an audited entity and constituting a law protected secret, persons performing an audit shall be held responsible in accordance with laws of the Republic of Kazakhstan.

Article 62-5. Other Forms of Control and Supervision

The National Bank of Kazakhstan and its department shall carry out other forms of control and supervision by way of:

1) analyzing information and reports presented in accordance with the requirements of legislation of the Republic of Kazakhstan;

2) analyzing operations of financial organisations to identify factors influencing the deterioration in their financial position (distant supervision);

3) reviewing, within the scope of competence established by legislation of the

Republic of Kazakhstan, documents related to the issues of coordination, issuance and revocation of authorising documents, consents, licensing, registration of issuances of securities, approval of reports on results of placement (retirement) of securities, cancellation of issuances of securities provided for by laws of the Republic of Kazakhstan, information about affiliated persons;

4) inspection of exchange offices of authorised organisations in respect of the compliance with the qualification requirements;

5) assessing security systems and compliance with the requirements to premises, electronic and other equipment of participants in a credit histories system and insurance database;

6) sending its representative to financial organisations in cases and in accordance with the procedures established by laws of the Republic of Kazakhstan;

7) accrediting, keeping registers, registering joint venture agreements concluded by insurance (reinsurance) organisations;

8) analyzing activities related to fulfillment of or compliance with established prudential normatives and (or) other norms and limits compliance with which is mandatory, including on a consolidated basis;

9) consideration of reports and other information to be presented by temporary administrations (temporary administrators), liquidation commissions of banks, insurance (reinsurance) organisations; *[introduced by 39]*

10) appointment and release of the chairman and members of liquidation commissions considering affiliates and representations of a given bank, insurance (reinsurance) organisation, which is liquidated through enforced procedures; *[introduced by 39]*

11) approval of the interim liquidation balance-sheet and of the register of claims of creditors of a given bank, insurance (reinsurance) organisation, which is liquidated through enforced procedures, membership of the committee of creditors of banks, insurance (reinsurance) organisations, which are liquidated through voluntary or enforced procedures; *[introduced by 39]*

12) coordination of the report on liquidation and of the liquidation balance-sheet of a given bank, insurance (reinsurance) organisation, which is liquidated through enforced procedures; *[introduced by 39]*

13) giving to currency control agents assignments fulfillment of which is mandatory for the purposes of appropriate implementation of currency control;

14) holding meetings and discussions with audited entities with respect to results of control and supervision of their activities;

15) analyzing activities related to compliance by financial organisations and parent organisations of insurance groups or banking conglomerates with the requirements to risk management and internal control system;

16) holding qualification examinations for actuaries;

17) approval of a report of the temporary administration (temporary administrator) of a given bank, insurance (reinsurance) organisation about fulfilled work.

CHAPTER 12. REPORTING OF THE NATIONAL BANK OF KAZAKHSTAN

Article 65. Financial Year

The financial year of the National Bank of Kazakhstan shall begin on the 1st

of January and it shall end on the 31st of December based on the calendar.

Article 66. Reporting

The National Bank of Kazakhstan shall annually present its annual report for the approval of the President of the Republic of Kazakhstan.

The President of the Republic of Kazakhstan shall consider the annual report of the National Bank of Kazakhstan and adopt the decision concerning its approval.

Article 67. Annual Reports

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

- report on monetary credit policies and status of financial markets;
- the report on activities of the National Bank of Kazakhstan in expired year;
- annual consolidated financial statements of the National Bank of Kazakhstan;

Article 68. Audit of Activities of the National Bank of Kazakhstan

Under a decision of the Board of the National Bank of Kazakhstan audit of financial reports of the National Bank of Kazakhstan shall be conducted yearly by an auditing organisation that has experience of auditing a central bank of the country that is a member of the Organisation of Economic Cooperation and Development (OECD) or countries of the Commonwealth of Independent States (The CIS).

Any information obtained in the course of an audit shall be deemed to be confidential and the auditing organisation shall bear the responsibility for its transfer to third parties.

Audit of activities of the National Bank of Kazakhstan and its organisations by any state authorities shall only be carried out with the consent or upon request of the President of the Republic of Kazakhstan.

CHAPTER 13. CONCLUSIVE PROVISIONS

Article 69. Liquidation of the National Bank of Kazakhstan

The National Bank of Kazakhstan may be liquidated by way of adoption of an appropriate Law. In the case of the liquidation of the National Bank of Kazakhstan, its assets shall be transferred to the legal successor indicated in that Law.

Article 70. Powers to Obtain Information

For the purposes of efficient and timely performance of functions conferred upon the National Bank of Kazakhstan, the National Bank of Kazakhstan shall have the right to obtain free of charge from any natural persons and legal entities, as well as state bodies necessary information, including information that constitutes official, commercial, banking and other law protected secret. In this case, obtained information shall not be subject to disclosure.

State bodies, financial and other organisations, their associations (unions), as well as natural persons shall be obliged to present at request of the National Bank of Kazakhstan documents, reports, including financial ones, and, where necessary, other additional information required for the performance by the National Bank of

Kazakhstan of its functions.

Article 70-1. Chargeability of the Services Which Are Rendered by the National Bank of Kazakhstan

The National Bank of Kazakhstan shall have the right to carry out on a chargeable basis banking transactions and other services. Types and amounts of payment for the services which are rendered to them shall be determined by the National Bank of Kazakhstan independently.

The National Bank of Kazakhstan shall not charge fees for banking and other services which are rendered to the Government of the Republic of Kazakhstan and the central authorised body for the implementation of the budget, except for the services associated with the management of the National Fund of the Republic of Kazakhstan, other funds and organisations.

The National Bank of Kazakhstan shall provide state services to natural persons and legal entities on the paid basis in cases stipulated by regulatory legal acts of the Republic of Kazakhstan. Amounts of payment for state services provided by it shall be determined by the tax legislation of the Republic of Kazakhstan.

Article 71. The Terms of the Statute of Limitations

Statutes of limitations shall not apply to claims of the National Bank of Kazakhstan to borrowers related to improper fulfillment of credit agreements.

Article 72. Responsibility of the National Bank of Kazakhstan

The National Bank of Kazakhstan shall bear responsibility for failure to perform its duties in accordance with the procedures established by laws of the Republic of Kazakhstan.

~~Article 73. Conflict of Interests~~

Article 74. Entering into Force of This Law

This Law shall be implemented from the date of its publication.

President of the Republic of Kazakhstan
N. NAZARBAEV