

# 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 Organizations 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 Organization of Activity of the National Bank of the Republic of Kazakhstan, Regulation of the Financial Market and Financial Organizations. (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 (authorized 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 Organizations, 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 Organization of Activity of the National Bank of the Republic of Kazakhstan, Regulation of the Financial Market and Financial Organizations 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 Organizations. (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.*

44) *Law No. 269-V of 29th December 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 Cardinal Improvement of conditions for Entrepreneur Activity in the Republic of Kazakhstan.*

45) *Law No. 311-V of 27th April 2015 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 Insurance and Islamic Financing*

46) *Law No. 411-V of 18th November 2015 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative acts of the Republic of Kazakhstan on Issues of Fighting against Corruption».*



47) *Law No. 422-V of 24th November 2015 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative acts of the Republic of Kazakhstan on Issues of Inactive Loans and Actives of the Second Tier Banks, rendering of financial services and the activity of the financial organizations and National Bank of the Republic of Kazakhstan.*

48) *Law No. 445-V of 14th January 2016 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative acts of the Republic of Kazakhstan on Issues of Precious Metals and Precious Stones.*

49) *Law No. 479-V of 29th March 2016 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative acts of the Republic of Kazakhstan on Issues of Licensing Documents Reducing and Simplification of Licensing Procedures.*

50) *Law No. 12-VI of 26h July 2016 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative acts of the Republic of Kazakhstan on Issues of Payment and Payment Systems.*

51) *Law No. 53-VI of 13th March 2017 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 the Supreme Judicial Council of the Republic of Kazakhstan and of International Financial Centre of Astana.*

52) *Law No. 63-VI of 6th May 2017 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative acts of the Republic of Kazakhstan on Issues of Collector Activity.*

53) *Law No. 91-VI of 11th July 2017 of the Republic of Kazakhstan Concerning the Introduction of Amendments and Additions to Certain Legislative acts of the Republic of Kazakhstan on Issues of Its Matching with the Constitution of the Republic of Kazakhstan.*

## **CHAPTER 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 (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 scope of its authority, 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 of Kazakhstan 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 second tier banks 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 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 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;

- approval by the President of the Republic of Kazakhstan of the structure and total personnel number of the National Bank of Kazakhstan;

- approval by the Board of the National Bank of Kazakhstan in coordination with the President of the Republic of Kazakhstan the system of remuneration of employees 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 annual report of the National Bank of Kazakhstan;

- the approval by the President of the Republic of Kazakhstan of the concept of design of banknotes and coins of the National Currency - the Kazakhstan Tenge;

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

- 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 organizations, 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. Excluded in accordance with the Law of the Republic of**

## **Kazakhstan of 11.06.97 No. 154-1**

### **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 organizations.

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 organizations, 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**

### **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 organizations and also other persons within the competence;

*Effective from December 16, 2020*

5) regulation, control and supervision of the financial market and financial organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** 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 organize 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 organizations and their affiliates with the requirements to the equipment of premises;

***Effective from December 16, 2020***

5) carry out the control over compliance by financial organizations and their affiliates, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan** 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, organizations carrying out certain types of banking operations and business entities, unless otherwise is provided for by laws of the Republic of Kazakhstan;

***Effective from December 16, 2020***

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, organizations carrying out certain types of banking operations, **branches of non-resident banks of the Republic of Kazakhstan** 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 organizations, 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 organizations;

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 organizations and other persons in accordance with this Law and other laws of the Republic of Kazakhstan;

*Effective from December 16, 2020*

19) carry out the regulation, control and supervision of the financial market and financial organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** 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;

21-1) establish requirements to design and content of statement of presence and number of bank account and to bank account statement of the balance and money flow on bank account;

22) *excluded in accordance with the Law of the Republic of Kazakhstan of 24.11.15 No. 422-V;*

22-1) alone and (or) together with another state bodies of the Republic of Kazakhstan within the scope of their competence carries out development of the islamic financing taking into account the international standards of islamic financial instruments and islamic financial services;

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 organizations, specialized financial companies, islamic specialized financial companies 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;

*Effective from December 16, 2020*

24) carry out the control and supervision of compliance by financial organizations, specialized financial companies, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan**, islamic specialized financial companies 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 unified accumulative pension fund based on a trust management agreement to be concluded between the National Bank of Kazakhstan and the unified accumulative pension fund;

32-2) perform custodian functions in relation to pension assets of the unified accumulative pension fund;

33) provide at request of the authorized 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 legalization (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 organizations;

***Effective from December 16, 2020***

34) participate in the training and retraining of personnel for state bodies and financial organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan**;

35) apply to financial and other organizations 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;

*Effective from December 16, 2020*

35) apply to financial and other organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** 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 organizations carrying out certain types of banking operations, and codes of affiliates of banks and organizations carrying out certain types of banking operations, establish their structure and also form and keep the Directory of banks and organizations carrying out certain types of banking operations;

37-1) *excluded in accordance with the Law of the Republic of Kazakhstan of 13.03.17 No. 53-VI;*

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

38-1) in order to ensure completeness of information contained in a database of credit histories, provides information on subjects of credit histories credit Bureau with state participation;

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 authorized 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 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 authorized 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 with a deferral of one financial year.

In the event that amounts of reserved capital are less than the amount of the authorized 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, including the structure of banks liabilities taken for the calculation of the minimum reserve requirements, the order of minimum reserve requirements calculation, minimum reserve requirements standards implementation, reservation and control for minimum reserve requirements standards implementation;

*Effective from December 16, 2020*

1) rules of minimum reserve requirements, including the structure of banks **and branches of non-resident banks of the Republic of Kazakhstan** liabilities taken for the calculation of the minimum reserve requirements, the order of minimum reserve requirements calculation, minimum reserve requirements standards implementation, reservation and control for minimum reserve requirements standards implementation;

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 of exchange of banknotes and coins of the national currency of the Republic of Kazakhstan, that are being and were retired from circulation and also decrepit and damaged banknotes and coins of national currency of the Republic of Kazakhstan;

4) rules of sale and buyback by the National Bank of Kazakhstan of banknotes and coins of the national currency of the Republic of Kazakhstan;

5) rules of conducting cash transactions with natural persons and legal entities at the National Bank of Kazakhstan;

6) rules of determination of paying capacity of banknotes and coins of the national currency of the Republic of Kazakhstan;

7) rules of accounting for, storage, transportation and collection of banknotes, coins and valuables;

8) rules of replacement of circulating monetary tokens of the national currency in case of modifications to their design (form);

9) rules of withdrawal of cash monetary tokens from circulation;

10) rules of conducting cash transactions and transactions on collection of banknotes, coins and valuables at banks and organisations carrying out certain types of banking operations;

*Effective from December 16, 2020*

10) rules of conducting cash transactions and transactions on collection of banknotes, coins and valuables at banks, **branches of non-resident banks of the Republic of Kazakhstan** and organisations carrying out certain types of banking operations;

11) 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;

*Effective from December 16, 2020*

11) in coordination with appropriate authorised bodies rules of organisation of premises security and layout in banks, **branches of non-resident banks of the Republic of Kazakhstan** and organisations carrying out certain types of banking operations;

12) 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;

*Effective from December 16, 2020*

12) requirements to activities on re-counting, sorting, packing, storing of banknotes, coins and valuables and their giving out to banks, **branches of non-resident banks of the Republic of Kazakhstan** and their clients under orders of banks, **branches of non-resident banks of the Republic of Kazakhstan** 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;

13) the rules of issuing licenses to organizations carrying out certain types of banking operations for collection of banknotes, coins and values;

14) instruction on the organisation of money transportation by motor vehicles in the Republic of Kazakhstan;

15) rules of the implementation in the National Bank of Kazakhstan of foreign currency transactions, converted into state ownership on certain grounds;

16) rule of functioning of interbank system of money transfer;

17) rule of functioning of interbank clearing system;

18) rules of functioning of the payment systems in respect of which the National Bank of Kazakhstan or its subsidiary organisation acts as an operator;

19) rules of functioning of the interbank system of payment cards;

20) requirements to organisational measures and software and hardware means that provide access to payment systems;

21) *excluded in accordance with the Law of the Republic of Kazakhstan of 26.07.16 No. 12-VI;*

22) *excluded in accordance with the Law of the Republic of Kazakhstan of 26.07.16 No. 12-VI;*

23) *excluded in accordance with the Law of the Republic of Kazakhstan of 26.07.16 No. 12-VI;*

24) rules of checks application on territory of the Republic of Kazakhstan;

25) rules of carrying out of operations with documentary credits by banks of the Republic of Kazakhstan;

26) rules of bills of exchange discount by the second tier banks of the Republic of Kazakhstan;

***Effective from December 16, 2020***

26) rules of bills of exchange discount by the second tier banks of the Republic of Kazakhstan, **branches of non-resident banks of the Republic of Kazakhstan;**

27) rules of carrying out of operations with promissory notes and bills of exchange by the second tier banks and organizations carrying out certain types of banking transactions;

***Effective from December 16, 2020***

27) rules of carrying out of operations with promissory notes and bills of exchange by the second tier banks, **branches of non-resident banks of the Republic of Kazakhstan** and organizations carrying out certain types of banking transactions;

28) rules of issuing of payment cards and requirements to activity on maintenance of operations with its use on the territory of the Republic of Kazakhstan;

29) rules of carrying out of interbank payments and money transfers on operations with the use of payment cards in the Republic of Kazakhstan;

30) *excluded in accordance with the Law of the Republic of Kazakhstan of 26.07.16 No. 12-VI;*

31) rules of carrying out by the National Bank of Kazakhstan of activity on a trust managing by assets of clients;

32) rules of broker activity of the National Bank of Kazakhstan;

33) rules of dealer activity of the National Bank of Kazakhstan;

34) rules of carrying out by the National Bank of Kazakhstan of operations on converting and reconverting of foreign currency for clients;

35) instruction on analysis of financial performance of bills issuers and establishment of limits for reception first-class issuers bill discounts;

36) rules of carrying out by the National Bank of Kazakhstan of operations with derivative financial instruments;

37) rules of carrying out by the National Bank of Kazakhstan of operations with available foreign currency;

38) rules of carrying out by the National Bank of Kazakhstan of auctions within the framework of monetary policy implementation;

39) rules of transmission of part of gold-value assets of the National Bank of Kazakhstan for external management;

40) *excluded in accordance with the Law of the Republic of Kazakhstan of 26.07.16 No. 12-VI;*

41) *excluded in accordance with the Law of the Republic of Kazakhstan of 26.07.16 No. 12-VI;*

42) rules of issuance, use and settlement of electronic money and

requirements to electronic money issuers and electronic money systems in the territory of the Republic of Kazakhstan;

43) 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;

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

*Effective from December 16, 2020*

44) rules establishing procedures for opening, maintaining and closing bank accounts in banks of the Republic of Kazakhstan and **branches of non-resident banks of the Republic of Kazakhstan**;

45) rules establishing procedures for opening, maintaining and closing bank accounts of legal entities in the National Bank of Kazakhstan;

46) *excluded in accordance with the Law of the Republic of Kazakhstan of 26.07.16 No. 12-VI*;

47) rules of application of codes of economic sectors and purposes of payments;

48) rules of lending and repayment of loans by the National Bank of Kazakhstan to banks, including as a lender of last resort, and to legal entities which opened bank accounts in the National Bank of Kazakhstan;

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

*Effective from December 16, 2020*

49) rules of establishing correspondent relationships between the National Bank of Kazakhstan and banks, **branches of non-resident banks of the Republic of Kazakhstan** as well as organizations carrying out certain types of banking operations;

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

*Effective from December 16, 2020*

50) rules of establishing correspondent relationships between banks, **branches of non-resident banks of the Republic of Kazakhstan** and also between banks, **branches of non-resident banks of the Republic of Kazakhstan** and organizations carrying out certain types of banking operations;

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

52) requirements to the design and content of statement of presence and number of bank account and to bank account statement of the balance and money flow on bank account;

52-1) rules of payment bodies activity organizing;

52-2) rules of submission by the operator or operational center systemically important or relevant payment system information on payment and (or) money transfer;

52-3) the rules of implementation of cashless payments and (or) money transfers in the territory of the Republic of Kazakhstan;

52-4) rules of rendering by banks and organizations carrying out certain types of banking operations of electronic banking services;

52-5) rules of submission of information on payment services;

52-6) rules of maintaining register of significant providers of payment services;

52-7) rules of maintaining the register of payment systems;  
 52-8) measure of criteria of important payment systems;  
 52-9) measure under which the payment service provider refers to the significant providers of payment services;

53) rules on procedures for referring financial organizations to system-forming ones;

54) instruction on forms, terms and procedure of submission by second tier banks of reports on export transactions in refined gold and silver bullion;

*Effective from December 16, 2020*

54) instruction on forms, terms and procedure of submission by second tier banks, **branches of non-resident banks of the Republic of Kazakhstan** of reports on export transactions in refined gold and silver bullion;

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

56) regulatory legal acts governing activities of the International financial center "Astana";

57) 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;

58) rules of organization of exchange transactions in cash foreign currency in the Republic of Kazakhstan;

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

60) rules of carrying out export-import currency control in the Republic of Kazakhstan and obtaining by residents of accounting contract numbers on export and import;

61) rules of carrying out of monitoring of currency operations of nonresidents of the Republic of Kazakhstan that performs activity in the territory of the Republic of Kazakhstan;

62) rules of opening, maintaining and closing by banks of metal accounts;

*Effective from December 16, 2020*

62) rules of opening, maintaining and closing by banks, **branches of non-resident banks of the Republic of Kazakhstan** of metal accounts;

63) regulatory legal acts related to issues of accounting, including typical charts of accounts, instruction on maintenance of accounting, rules of maintenance of accounting organizing and rules of accounting automatization, that are mandatory for fulfillment by all financial organizations, special financial companies, islamic special financial companies, microfinance institutions, Development Bank of Kazakhstan;

*Effective from December 16, 2020*

63) regulatory legal acts related to issues of accounting, including typical charts of accounts, instruction on maintenance of accounting, rules of maintenance of accounting organizing and rules of accounting automatization, that are mandatory for fulfillment by all financial organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan**, special financial companies, islamic special financial companies, microfinance institutions, Development Bank of Kazakhstan;

64) financial reporting standards related to issues that are not covered by the international financial reporting standards, as well as methodical recommendations



thereto;

65) rules of submission of financial reports by financial organizations, special financial companies, islamic special financial companies, microfinance organizations, which define the procedure for its submission, including forms, list, frequency and terms of its submission;

***Effective from December 16, 2020***

65) rules of submission of financial reports by financial organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan**, special financial companies, islamic special financial companies, microfinance organizations, which define the procedure for its submission, including forms, list, frequency and terms of its submission;

65-1) terms, order and form of reports submission by the collection agency;

66) rules of publishing of financial reports by joint-stock companies and financial institutions that are determined the procedure for its publication, including list of financial reports to be published and the terms of its publication;

***Effective from December 16, 2020***

66) rules of publishing of financial reports by joint-stock companies and financial organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** that are determined the procedure for its publication, including list of financial reports to be published and the terms of its publication;

67) account policy for accounting of transactions on trust management of the National Fund of the Republic of Kazakhstan assets;

68) in coordination with the authorized body, carrying out regulation in the sphere of taxes and other obligatory payments to the budget, the form and the content of the control bank slip for computer systems used by banks and organizations carrying out separate types of banking operations;

***Effective from December 16, 2020***

68) in coordination with the authorized body, carrying out regulation in the sphere of taxes and other obligatory payments to the budget, the form and the content of the control bank slip for computer systems used by banks, **branches of non-resident banks of the Republic of Kazakhstan** and organizations carrying out separate types of banking operations;

69) regulatory legal acts relating to the gathering of administrative data related to issues of currency regulation, preparation of financial sector reviews from financial organizations, cash money circulation, payments and money transfers, financial stability, regulation, control and supervision of financial organizations, credit bureaus, microfinance institutions and collection agencies, including instructions on presentation by second-tier banks, the Kazakhstan Development Bank and mortgage organizations to the National Bank of Kazakhstan of information for the preparation of financial sector reviews and instruction 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;

***Effective from December 16, 2020***

69) regulatory legal acts relating to the gathering of administrative data related to issues of currency regulation, preparation of financial sector reviews from financial organizations, cash money circulation, payments and money transfers, financial

stability, regulation, control and supervision of financial organizations, credit bureaus, microfinance institutions and collection agencies, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan**, including instructions on presentation by second-tier banks, the Kazakhstan Development Bank and mortgage organizations to the National Bank of Kazakhstan of information for the preparation of financial sector reviews and instruction 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;

70) in coordination with the central authorized 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;

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

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

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

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

75) the rules of acquisition of goods, works and services by the National Bank of Kazakhstan, its offices and organizations that are in its structure, and legal entities, fifty and more percent of voting shares (participation shares in the authorized capital) of which belong to the National Bank of Kazakhstan or in its trust managing, and affiliated with them legal entities;

76) 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;

77) 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 organizations carrying out certain types of banking operations, and codes of affiliates of banks and organizations carrying out certain types of banking operations, their structure, creation and maintenance of the Directory of banks and organizations carrying out certain types of banking operations;

***Effective from December 16, 2020***

77) 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, **branches of non-resident banks of the Republic of Kazakhstan** and organizations carrying out certain types of banking operations, and codes of affiliates of banks and organizations carrying out certain types of banking operations, their structure, creation and maintenance of the Directory of banks, **branches of non-resident banks of the Republic of Kazakhstan** and organizations carrying out certain types of banking operations;

78) investment declaration of the unified accumulative pension fund and also amendments and additions to it;

79) 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 unified accumulative pension fund;

80) rules for selecting foreign organizations, which manage pension assets of the unified accumulative pension fund, including requirements to them, when entrusting them to perform actions needed to manage pension assets of the unified accumulative pension fund;

81) the list of financial products the approval of which financial institution shall notify the National Bank of Kazakhstan;

82) the regulation of the National Bank of Kazakhstan;

83) the procedure of notifying the National Bank of Kazakhstan on the approval of financial products by financial organizations and list of documents attached to the notification;

84) the list of commissions and other charges related to issuing and servicing of bank loan and micro-credit, issued to a natural person that are considered when calculating the annual effective rate of remuneration;

85) requirements for safe and continuous operation of information systems of banks and organizations carrying out certain types of banking operations;

*Effective from December 16, 2020*

85) requirements for safe and continuous operation of information systems of banks, branches of non-resident banks of the Republic of Kazakhstan and organizations carrying out certain types of banking operations;

86) methods of regular payments calculation for loans and microcredits issued by banks, organizations carrying out certain types of banking operations and microfinance institutions to individuals and include a repayment schedule as well as temporary bases for remuneration calculating for such loans (microcredit);

87) *excluded in accordance with the Law of the Republic of Kazakhstan of 13.07.17 No. 53-VI;*

88) 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 and withdrawal from 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 authorized capitals for authorized organizations;



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, and Regulations concerning the National Bank of Kazakhstan, as well as amendments and additions thereto;

13-1) approve in coordination with the President of the Republic of Kazakhstan the system of remuneration of employees of the National Bank of Kazakhstan;

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) approves the terms of remuneration of employees of the National Bank of Kazakhstan, its departments and organizations and the conditions of social support of workers of the National Bank of Kazakhstan and its departments;

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 (authorized representative);

18) determine procedures for application to financial and other organizations 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;

***Effective from December 16, 2020***

18) determine procedures for application to financial and other organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** 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 organizations, 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 organizations 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 upon presentation 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 determines order of accounting maintenance and preparation of individual and consolidated financial reports of the National Bank of Kazakhstan as well as the procedure of accounting and preparation of financial reports of the National Fund of the Republic 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 in coordination with 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 recognized 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.

### **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 anti-corruption responsibilities 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 organizations;
- 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 organizations, in accordance with the procedures established by laws of the Republic of Kazakhstan, to perform official duties;

*Effective from December 16, 2020*

4) visit organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** 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;

*Effective from December 16, 2020*

3) ensure compliance with and protection of rights, freedoms and lawful interests of natural persons and legal entities, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan**, 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 notarized agreement on trust management of their units in investment funds, bonds and shares in profit organizations.

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 organizations.

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 organizations, their affiliates and related persons, of the Kazakhstan Development Bank, legal entities carrying out activity in the securities market, issuers of securities, credit bureaus, bank holding companies, bank groups, insurance holding companies, insurance groups, specialized financial companies, islamic specialized financial companies, investment funds, users of payment systems, operators and operational centers of payment systems, including any other person authorized under agreement with them to carry out functions on rendering of payment services and also persons performing currency transactions, temporary administrations (temporary administrators), liquidation commissions of banks, insurance (reinsurance) organizations (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:

***Effective from December 16, 2020***

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 organizations, their affiliates and related persons, of the Kazakhstan Development Bank, legal entities carrying out activity in the securities market, issuers of securities, credit bureaus, bank holding companies, bank groups, insurance holding companies, insurance groups, specialized financial companies, islamic specialized financial companies, investment funds, users of payment systems, operators and operational centers of payment systems, including any other person authorized under agreement with them to carry out functions on rendering of payment services and also persons performing currency transactions, temporary administrations (temporary administrators), liquidation commissions of banks, insurance (reinsurance)

organizations, branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan (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:

- 1) close relatives (in-law relatives), spouses who are managing employees of audited entities;
- 2) close relatives or spouses who work in audited entities;
- 3) 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. *Excluded in accordance with the Law of the Republic of Kazakhstan of 18.11.15. No. 411-V;*

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. *Excluded in accordance with the Law of the Republic of Kazakhstan of 18.11.15. No. 411-V;*

6. *Excluded in accordance with the Law of the Republic of Kazakhstan of 18.11.15 No. 411-V;*

7. *Excluded in accordance with the Law of the Republic of Kazakhstan of 18.11.15 No. 411-V;*

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 criminal 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 authority 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 credit 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 minimization 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 Government of the Republic of Kazakhstan 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 policy 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 operates 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 is entitled to carry out transactions with state securities issued pursuant to the decision of the Government of the Republic of Kazakhstan.

The National Bank of Kazakhstan is not entitled to purchase state securities of the central authorized body for the implementation of the budget into its ownership when they are placed in the primary markets.

The central authorized 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 monetary and credit policies, terms of access of financial organisations to primary placement of state securities issued pursuant to the decision of the Government.

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

The National Bank of Kazakhstan carries 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) *Excluded in accordance with the Law of the Republic of Kazakhstan of 24.11.15. No. 422-V;*
- 7) other transactions pursuant to decisions of Kazakhstan National Bank board.

### **Article 31. Excluded in accordance with the Law of the Republic of Kazakhstan of 24.11.15. No. 422-V;**

### **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, including the structure of obligations of banks accepted for settlement of minimum reserve requirements, the procedure of settlement of minimum reserve requirements, 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. Official Refinancing Rate and Interest Rates for Monetary and Credit Policy Operations**

The National Bank of Kazakhstan sets an official refinancing rate. Interest rates on monetary and credit policy operations are set by the National Bank of Kazakhstan in order to influence market interest rates on the financial market in the frames of performing monetary and credit policy.

#### **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 Kazakhstan 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. Excluded in accordance with the Law of the Republic of Kazakhstan of 24.11.15. No. 422-V;**

### **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, organization 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.

Banknotes and coins of the national currency of the Republic of Kazakhstan are designed in accordance with the concept of design of banknotes and coins of the national currency – Kazakhstani tenge. Images and descriptions of banknotes and coins are published in the mass media.

#### **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 bank accounts and for transfer, they shall be exchangeable without restriction by all banks and the National Post Operator.

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

*Effective from December 16, 2020*

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 bank accounts and for transfer, they shall be exchangeable without restriction by all banks, **branches of non-resident banks of the Republic of Kazakhstan** and the National Post Operator.

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 collection 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. Issue into circulation, replacement and withdrawal from circulation of banknotes and coins of the national currency of the Republic of Kazakhstan**

The decision on issuance into circulation, the procedure for replacing and withdrawing from circulation of national currency banknotes and coins are accepted by the National Bank of Kazakhstan and published in the mass media.

#### **Article 46. Worn out, doubtful banknotes and defective (damaged), doubtful coins**

Worn out banknotes that have retained not less than seventy percent of the banknote size set by the National Bank of Kazakhstan, and defective (damaged) coins shall be exchangeable without restrictions by the National Bank of Kazakhstan, banks and the National Post Operator.

Doubtful banknotes that have retained more than fifty percent, and doubtful coins shall be acceptable by the National Bank of Kazakhstan, banks and the National Post Operator in accordance with the normative legal act of the National Bank of Kazakhstan.

Doubtful banknotes and doubtful coins are exchanged by the National Bank of Kazakhstan in the manner prescribed by the normative legal act of the National Bank of Kazakhstan.

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

#### ***Effective from December 16, 2020***

Worn out banknotes that have retained not less than seventy percent of the banknote size set by the National Bank of Kazakhstan, and defective (damaged) coins shall be exchangeable without restrictions by the National Bank of Kazakhstan, banks, **branches of non-resident banks of the Republic of Kazakhstan** and the National Post Operator.

Doubtful banknotes that have retained more than fifty percent, and doubtful coins shall be acceptable by the National Bank of Kazakhstan, banks, **branches of non-resident banks of the Republic of Kazakhstan** and the National Post Operator in accordance with the normative legal act of the National Bank of Kazakhstan.

Doubtful banknotes and doubtful coins are exchanged by the National Bank of Kazakhstan in the manner prescribed by the normative legal act of the National Bank of Kazakhstan.

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

**Article 47. Responsibility for the making, keeping and distribution of counterfeit banknotes and coins**

Persons guilty of making, keeping counterfeit banknotes and coins for the purpose of distribution, distribution of counterfeit banknotes and coins, as well as carrying out unauthorized issue of cash, shall be held responsible as established by the laws of the Republic of Kazakhstan.

**Article 47-1. Excluded in accordance with the Law of the Republic of Kazakhstan of 11.07.09 No. 185-IV;**

**CHAPTER 8. ORGANISATION OF PAYMENTS AND MONEY TRANSFERS**

**Article 48. The Powers of the National Bank of Kazakhstan in the organization and regulation of payments and (or) money transfers, payment systems and the market of payment services**

The powers of the National Bank of Kazakhstan in the organization and regulation of payments and (or) money transfers, payment systems and the market of payment services, the exercise of state control over the market of payment services and oversight of payment systems are determined in accordance with the Law of the Republic of Kazakhstan "On payments and payment systems".

**Article 48-1. Excluded in accordance with the Law of the Republic of Kazakhstan of 08.07.05 No. 69-III**

**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 Money Transfers**

The methods of performing payments and money transfers 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 Organization risk of Activity of the National Bank of the Republic of Kazakhstan, Regulation of the Financial Market and Financial Organizations.*



### **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;
- 4) provide payment of one-time compensation, including through an organization specializing in improving the quality of credit portfolios of second tier banks, on deposits (deposits) of individuals accepted in the national currency (tenge), in connection with the transition to a freely floating exchange rate regime, on the terms and conditions established by the Board of the National Bank of Kazakhstan;
- 5) place deposits in second tier banks, including through its subsidiaries, in order to reduce the share of non-performing loans in accordance with the terms and conditions established by the Board of the National Bank of Kazakhstan;
- 6) place deposits in second tier banks, including through its subsidiaries, to refinance mortgage housing loans and mortgage loans of individuals in the manner and terms and within the terms established by the Board of the National Bank of Kazakhstan;
- 7) conduct transactions with derivative financial instruments with second-tier banks, international financial organizations, including through its subsidiaries, in accordance with the terms and conditions 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, organizational 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 organizations.

System-forming financial organizations shall be understood as financial organizations 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 organizations as system-forming ones;
- 2-1) form the list of the systemically important financial organizations;

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 organizations 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 organizations.

## **CHAPTER 9. TRANSACTIONS OF THE NATIONAL BANK OF KAZAKHSTAN**

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

The holders of bank accounts in the National Bank of Kazakhstan are legal entities that opened accounts in it in the manner prescribed by the Board of the National Bank of Kazakhstan and banks.

*Effective from December 16, 2020*

The holders of bank accounts in the National Bank of Kazakhstan are legal entities that opened accounts in it in the manner prescribed by the Board of the National Bank of Kazakhstan and banks, branches of non-resident banks of the Republic 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) excluded in accordance with the Law of the Republic of Kazakhstan of 24.11.15 No. 422-V (effective from January 1, 2016)

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;

*Effective from December 16, 2020*

7) when required, open accounts in banks and financial organisations, branches of non-resident banks of the Republic of Kazakhstan 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. Excluded in accordance with the Law of the Republic of**

## **Kazakhstan of 10.07.03 No. 483-II**

### **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. Excluded in accordance with the Law of the Republic of Kazakhstan of 10.07.03 No. 483-II**

### **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;
- 4) excluded in accordance with the Law of the Republic of Kazakhstan of June 21, 13, No. 106-V
- 5) establish the procedure for licensing and issue licenses and (or) supplements to licenses to carry out activities associated with the organization 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 organization 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.

*Effective from December 16, 2020*

12) in cases of establishment of facts of violation by banks, **branches of non-resident banks of the Republic of Kazakhstan** 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.

## **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 organizations;

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 organizations;

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 organizations;

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 specialized financial organizations;

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 counter partners 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 characterized 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 organizations;

other foreign assets denominated in freely convertible foreign currencies characterized 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 organizations, 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. Excluded in accordance with the Law of the Republic of Kazakhstan as of 14.01.16 No. 445-V**

**Article 60. Excluded in accordance with the Law of the Republic of Kazakhstan of 11.07.09, No. 185-IV**

**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 shall carry out the control over compliance by audited entities 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 organizations, 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 shall carry out the supervision of compliance by audited entities 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 organizations, 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 carry out control and supervision in the form of performance of audits and other forms in accordance with this Law.

The National Bank of Kazakhstan carry out control of collection agencies in the form of an audit, the organization and conduct of which is determined by the Business Code of the Republic of Kazakhstan, or in other forms of control and supervision in accordance with this Law.

4. The National Bank of Kazakhstan cooperates with central banks, control and supervisory authorities of other states, international organizations and other organizations and has the right to exchange information subject to confidentiality requirements that constitute a trade secret on the securities market, bank secrecy, insurance secrets or other legally protected secrets, necessary for exercising control and supervisory functions, on the basis of an international contract of the Republic of Kazakhstan, a contract providing for the exchange of confidential information.

The other organizations in this paragraph refers to association of central banks, control and supervisory authorities of other countries, established to develop common

standards of regulation of the banking sector, securities market and insurance market.

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

1. The National Bank of Kazakhstan conducts independently or with the involvement of other state bodies and (or) organizations audit based on risk assessment, unplanned and documented inspections of the activities of audited entities in a complex or selective manner on specific issues of their activities.

2. An audit based on a risk assessment is an audit performed by the National Bank of Kazakhstan with a visit to the audited entity and appointed by the National Bank of Kazakhstan on the basis of an assessment of the degree of risk to the inspected entity.

The audit of a subject on the basis of risk assessment is carried out by the National Bank of Kazakhstan no more than once a year.

The list of entities subject to verification is compiled by the National Bank of Kazakhstan on a semi-annual basis, taking into account the risk assessment related to the activities of the audited entities.

The list of subjects subject to audit on the basis of risk assessment is approved by the Chairman of the National Bank of Kazakhstan or other authorized officials 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 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, 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 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 62-1. Excluded in accordance with the Law of the Republic of Kazakhstan of 10.07.03 No. 483-II**



## **Article 62-2. General Procedures for Organising and Performing An audit based on a risk assessment and an unscheduled audit**

1. An audit based on a risk assessment and an unscheduled audit shall be performed by the National Bank of Kazakhstan 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 territorial affiliates of the National Bank of Kazakhstan or other authorized official persons on the basis of an appropriate order.

In case of assignment of the audit based on a risk assessment and the 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 of the National Bank of Kazakhstan shall keep separate journals for registration of acts on assignment of audit.

The National Bank of Kazakhstan shall register acts on assignment of audit in the authorized body on 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 the audit based on a risk assessment and the 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 who perform the audit to materials required for the performance of such audit, an appropriate act shall be drawn up, which shall be signed by the official person of the National Bank of Kazakhstan 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 authorized to approve acts on assignment of audit.

When handing a copy of the act on assignment of audit to the employee of the audited entity or its founder (one of the founders), a copy of the act on assignment of audit with a note on receipt by the chief executive officer (his deputy) of the audited entity should be submitted to the officials of the National Bank of Kazakhstan within

two working days from the delivery date of handling the act 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 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 authorized 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 ensuring conduct 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 the audit based on a risk assessment and the unscheduled audit must not exceed thirty working days. In connection with significant scope of audit, the period of performance of the audit based on a risk assessment and the 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 territorial affiliates of the National Bank of Kazakhstan or other authorized official persons, on the base of the act.

5. The audited entity shall be obliged to provide auditing employees with a permit to access to 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 authorized 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 the audit based on a risk assessment and the unscheduled audit shall be the date of delivery to the audited entity of an act on completion of audit. The act on completion of the audit based on a risk assessment and the 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 authorized 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 authorized 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 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 the audit based on a risk assessment and the unscheduled audit two copies of the act on findings of the audit signed by auditing employees of the National Bank of Kazakhstan, 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 representative;
- 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 head 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 head 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. 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 in writing.

6. Findings of the audit of the audited entity stated in the act on findings of the audit based on a risk assessment and the 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, 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 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 the audit based on a risk assessment and the 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 the audit based on a risk assessment and the 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 its functions.

10. Acts on findings of the audit based on a risk assessment and the 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 to third persons, except for cases provided for by laws of the Republic of Kazakhstan.

11. In case of discrepancies between documentary data of financial and other reports presented by the audited entity to the National Bank of Kazakhstan with information stated in the act of findings of the audit based on a risk assessment and the unscheduled audit, the audited entity shall under instructions from the National Bank of Kazakhstan 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 National Bank of Kazakhstan, the audited entity shall present for approval 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 organizations to identify factors influencing the deterioration in their financial position (distant supervision);

*Effective from December 16, 2020*

2) analyzing operations of financial organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** 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 approval, issuance and revocation of authorizing 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;

3-1) consideration within the competence established by the legislation of the Republic of Kazakhstan, the documents, provided by the regulatory legal acts regulating a notification procedure of the National Bank of Kazakhstan about the statement of financial products the financial organizations and also the list of the documents attached to the notice and article 31-1 of the Law of the Republic of Kazakhstan "About the micro financial organizations";

4) inspection of exchange offices of authorized organizations 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 organizations in cases and in accordance with the procedures established by laws of the Republic of Kazakhstan;

*Effective from December 16, 2020*

6) sending its representative to financial organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** 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) organizations;

*Effective from December 16, 2020*

7) accrediting, keeping registers, registering joint venture agreements concluded by insurance (reinsurance) organizations, **subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan;**

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 which are presented by temporary administrations (temporary administrators), liquidation commissions of banks, insurance (reinsurance) organizations;

*Effective from December 16, 2020*

9) consideration of reports and other information which are presented by temporary administrations (temporary administrators), liquidation commissions of banks, insurance (reinsurance) organizations, **branches of non-resident banks of the**

**Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan;**

10) appointment and release of the chairman and members of liquidation commissions considering affiliates and representations of forcibly liquidated bank, insurance (reinsurance) organizations;

11) approval of the interim liquidation balance and the register of claims of creditors of forcibly liquidated bank, insurance (reinsurance) organization, the structure of committee of creditors voluntarily or forcibly liquidated banks, the insurance (reinsurance) companies;

12) coordination of the report on liquidation and of the liquidation balance of forcibly liquidated bank, insurance (reinsurance) organizations;

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 organizations and parent organizations of insurance groups or banking conglomerates with the requirements to risk management and internal control system;

*Effective from December 16, 2020*

15) analyzing activities related to compliance by financial organizations, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** and parent organizations of insurance groups or banking conglomerates with the requirements to risk management and internal control system;

16) holding qualification examinations of actuaries;

17) approval of a report of the temporary administration (temporary administrator) of bank, insurance (reinsurance) organization about fulfilled work;

*Effective from December 16, 2020*

17) approval of a report of the temporary administration (temporary administrator) of bank, insurance (reinsurance) organization, **branch of non-resident banks of the Republic of Kazakhstan, subsidiary of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan** about fulfilled work;

18) analysis and evaluation of the functioning of payment systems, as well as services provided by payment service providers;

19) inspection of participants of systemically important payment systems for compliance with the requirements for organizational measures and software and hardware that provide access to payment systems, as part of monitoring systemically important payment systems;

20) keeping registers of payment systems, payment organizations, significant payment service providers;

21) analysis of the activity of collection agencies on compliance with the requirements of the legislation of the Republic of Kazakhstan on collection activities, as well as analysis of information, documents and audio and (or) video recording materials (if any) submitted by the collection agency in accordance with subparagraph 15) of paragraph 1 of Article 15 of the Law of the Republic of Kazakhstan "About collection activities".

**Article 63.** Excluded in accordance with the Law of the Republic of Kazakhstan of 10.07.03 No. 483-II

## **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 organization that has experience of auditing a central bank of the country that is a member of the Organization 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 organizations 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.

***Effective from December 16, 2020***

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, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** 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 organizations, 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.

***Effective from December 16, 2020***

State bodies, financial and other organizations, their associations (unions), as well as natural persons, **branches of non-resident banks of the Republic of Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** 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 authorized 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 organizations.

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.

***Effective from December 16, 2020***

The National Bank of Kazakhstan shall provide state services to natural persons and legal entities, **branches of non-resident banks of the Republic of**

**Kazakhstan, subsidiaries of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of the insurance brokers-non-residents of the Republic of Kazakhstan** 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. Excluded in accordance with the Law of the Republic of Kazakhstan of 10.07.03 No. 483-II**

**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