KAZAKHSTAN

LAW ON THE REGIONAL FINANCIAL CENTRE OF ALMATY CITY

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LAW NO. 145 OF 5TH JUNE 2006 OF THE REPUBLIC OF KAZAKHSTAN CONCERNING THE REGIONAL FINANCIAL CENTRE OF ALMATY CITY

This Law shall establish the legal grounds determining a special legal regime of functioning of the regional financial centre of Almaty city.

Article 1. Regional Financial Centre of Almaty city and its Status

The regional financial centre of Almaty city (hereinafter – the financial centre) shall represent a special legal regime which regulates the relations of the participants of the financial centre and interested entities, aimed at the development of the financial market of the Republic of Kazakhstan.

State registration of financial centre’s participants means the procedure of verification of the compliance of charter and other documents with legislative acts of the Republic of Kazakhstan, issuing state registration license through granting Business Identification Number (BIN) and transfer of the date to unified BIN National Register.

Accrediting of the financial centre’s participants is the procedure of recognition of the rights of securities market professional for conducting activity as a financial centre participant.

Article 2. Legislation of the Republic of Kazakhstan on Financial Center

1. The legislation of the Republic of Kazakhstan on the financial center shall be based on the Constitution of the Republic of Kazakhstan, and shall consist of this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. If an international treaty ratified by the Republic of Kazakhstan establishes other rules than those contained in this Law, the rules of the international treaty shall apply.

Article 3. The Objectives and Principles of Functioning of Financial Center

The objectives of the establishment of the financial center shall be the development of the securities market, providing for its integration with international capital markets, attraction of investments to the economy of the Republic of Kazakhstan, entry of Kazakhstan capital to foreign securities markets.

The financial center shall function on the following principles:

1) equality of all participants; and
2) movement of capital in accordance with the currency legislation of the Republic of Kazakhstan.

Article 4. Authorized Body for Regulation of the Activity of Financial Center

1. The authorized body for the regulation of the activity of the financial center (hereinafter – the authorized body) shall be a state body which performs state regulation of the functioning of the financial center.

2. The authorized body shall be directly subordinated and accountable to the President of the Republic of Kazakhstan and shall act on the basis of the Regulations to be approved by the President of the Republic of Kazakhstan.
Law No. 145

3. The President of the Republic of Kazakhstan shall approve the structure and the personnel list of the authorized body.

Article 5. Tasks and Functions of the Authorized Body

The basic tasks of the authorized body shall be:
1) exercising of state powers determined by this Law;
2) further development of the financial center.

The functions of the authorized body shall be:
1) state registration (re-registration) of legal entities – participants of the financial center;
1-1) accrediting of financial centre’s participants
2) petition for the issue of visas to foreigners and stateless persons who arrive to the territory of the Republic of Kazakhstan for the performance of activity at the financial center in the procedure as established by the legislation of the Republic of Kazakhstan;
3) assistance to the participants of the financial center in the selection of employees;
4) explanations to the participants of the financial center of their rights and obligations;
5) state control over compliance by the participants of the financial center with the labor legislation of the Republic of Kazakhstan;
6) representation of the financial center in state organizations and other organizations;
7) maintenance of the state register of the participants of the financial center;
8) registration of foreigners and stateless persons who perform labor activity in the financial center and quarterly submission of information on the attraction of foreign workforce to the local executive body of the city of Almaty in accordance with the form established by the central executive body, which coordinates the implementation of state policy in the sphere of the population employment;
9) excluded;
10) preparation and implementation of activities of the development of the financial centre;
11) enabling the improvement of the infrastructure of the securities market.

Article 6. Powers of the Authorized Body

For the purpose of implementing its tasks and functions the authorized body shall have the following powers:
1) to issue certificates of state registration (re-registration) of a legal entity, statistics cards, certificates of a taxpayer;
1-1) issuing the license on accrediting as financial centre’s participant
2) to approve the rules of state registration (re-registration) of legal entities - participants of the financial center;
2-1) to approve the Financial centre’s participants Accrediting Rules;
3) to act on behalf of the financial center in relations with third parties;
4) to interact with state bodies and other organizations;
5) by agreement with the authorized state body for regulation and supervision over financial market and financial organizations to establish the requirements to the issuers whose securities are planned to be included or are included to a list of special trading floor of the financial center, and also to such securities;
6) to approve a list of rating agencies whose rating rates are recognized by the authorized body;
7) to establish the requirements to the rating rates of securities and their issuers for admittance to a special trading floor of the financial center;
Law No. 145

8) to compensate the expenses on audit of the issuers of financial instruments admitted to a special trading floor of the financial center according to the procedure and amount established by the budget legislation of the Republic of Kazakhstan;  
9) for admittance of financial instruments to a special trading floor of the financial center to approve qualification requirements to the auditors’ organizations by agreement with the authorized state body for the regulation and supervision of the financial market and financial organizations and the authorized body for the activities of auditor’s and professional auditors’ organizations;  
10) to establish a list of stock exchanges recognized by the financial center;  
11) to execute agreements with stock exchanges of foreign states on the issues of interaction with the financial center; and  
12) to conduct inspections as to the compliance by the participants of the financial center with the labor legislation of the Republic of Kazakhstan.

Article 7. The Head of the Authorized Body

1. The head of the authorized body shall:  
1) act without power of attorney on behalf of the authorized body in relations with third parties;  
2) perform the acceptance, transfer, and dismissal of employees of the authorized body in accordance with the legislation of the Republic of Kazakhstan;  
3) in the case of the absence entrust the performance of his obligations to one of his deputies.  
4) represent the authorized body in state bodies and institutions pursuant to the Republic of Kazakhstan legislation;  
5) approve work regulation and regulation on structural divisions of the authorized body;  
6) approve the regulation on collegium of the authorized body and appoints its members;  
7) perform the authorities given hereby and other regulatory legal acts of the Republic of Kazakhstan.  
2. The President of the Republic of Kazakhstan shall appoint the head of the authorized body and release him from the office.

Article 8. International Council of the Authorized Body

1. The International Council shall be permanently operating consulting-and-advisory body and shall be established at the authorized body.  
2. The following shall be the basic tasks of the International Council:  
1) development of recommendations on the use of the world experience in the matters related to the activity of the financial center;  
2) recommendation of candidates to the top positions of the authorized body;  
3) participation in the development of the strategy of the financial center development.  
3. The membership of the International Council shall include the leading experts of the financial sector. foreigners may be members of the International Council.  
4. The authorized body shall determine the regulations, procedure for the establishment and activity of the International Council.  
5. The activities of the members of the International Council shall be carried out at the expense of funds provided for the financing of the authorized body.
Article 9. Resolution of Disputes

A specialized financial court shall resolve the disputes of the participants of the financial center in accordance with the legislation of the Republic of Kazakhstan.

Article 10. Interrelations of the Authorized Body with State Bodies

1. The state bodies of the Republic of Kazakhstan which functions related to the participants of the financial center are transferred by this Law to the authorized body, shall interact with the authorized body on the basis of joint orders.
2. The authorized body may request the information needed for the performance of its functions from state bodies.
3. The authorized body shall submit information on the activity of the financial center to the state bodies of the Republic of Kazakhstan in the procedure as set forth by the legislation of the Republic of Kazakhstan.
4. The other powers of state bodies in relations with the authorized body shall be exercised in accordance with the legislative acts of the Republic of Kazakhstan.

Article 11. Participants of the Financial Center

1. Participants of the financial center shall be professional participants of the securities market, which carry out brokers’ and/or dealers’ activity and have:
   1) certificate of state registration (re-registration) of a legal entity issued by the authorized body or license on accrediting as a financial centre’s participant;
   2) license for the work on the securities market issued by the authorized state body on regulation and supervision over the financial market and financial organizations.
2. Financial centre’s participants are:
   1) banks;
   2) professional participants of the securities market performing investment management of pension assets;
   3) accumulative pension funds.
3. Financial centre’s participants shall have the right to perform other activities taking into account the terms and procedure of combining the types of activities in the securities market, established by the regulatory legal acts of the state body on regulation and supervision of financial market and financial organizations.
4. The participants of the financial center may execute transactions with financial instruments
   1) on a special trading floor of the financial center;
   2) on stock exchanges including foreign;
   3) on non-organized securities market.
5. The obligatory condition for state registration of of financial centre’s participants and (or) accrediting as financial centre’s participants is the permanently operating body of a legal entity in Almaty territory;

Article 12. Special Trading Floor of the Financial Center

1. A special trading floor of the financial center shall be a trading floor of the stock exchange functioning in the territory of the city of Almaty and determined by the authorized body, on which the participants of the financial center shall trade in financial instruments.
   Financial instruments on special trading floor of the financial centre shall be traded by entities specified in Paragraph 2 of Article 11 hereof, having the license for accomplishing
broker and (or) dealer activity issued by the authorized state body on regulation and supervision of financial market and financial organizations.

2. The rules of the organizer of trading adopted with respect to the special trading floor of the financial center shall be agreed with the authorized body and with the authorized body for the regulation and supervision over the financial market and financial organizations.

**Article 13. Visa Regime of Foreigners and Stateless Persons**

1. Foreigners and stateless persons arriving to the territory of the Republic of Kazakhstan for the performance of activities in the financial center shall receive entry visa upon arrival to the international airport of the city of Almaty.

2. Extension of the effective period of visas and also the change of the category of visas to the persons indicated in paragraph 1 of this Article, pursuant to the petition of the authorized body, may be carried out without departure from the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan.

**Article 14. Tax Control of the Participants of the Financial Center**

The tax control of the participants of the financial center shall be carried out in accordance with the tax legislation of the Republic of Kazakhstan.

**Article 15. Languages for Keeping Documentation and Transactions**

The participants of the financial center may keep the documentation and execute transactions in the state and/or Russian, and/or English languages.

In the need for the participants of the financial center to submit documentation to the state bodies, except for the bodies of the financial center, the authorized body shall translate it from the English language to the state and the Russian languages.

**Article 16. Monetary Obligations of the Participants of the Financial Center**

Monetary obligations of the participants of the financial center may be expressed in Tenge and foreign currency.

**Article 17. Responsibility for Violation of the Legislation on the Financial Center**

The violation of the legislation of the Republic of Kazakhstan on the financial center shall entail responsibility in accordance with the laws of the Republic of Kazakhstan.

**Article 18. Entering into Force**

This Law shall enter into force from the day of its official publication.

President of the Republic of Kazakhstan
N. Nazarbaev