

On the State Regulation, Control and Supervision of the Financial Market and Financial Organizations

Unofficial translation

The Law of the Republic of Kazakhstan dated 4 July, 2003 No. 474.

Unofficial translation

Footnote. The title is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2012 No. 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Note!

From 01.01.2013 the words “unified register”, “of unified register”, “by unified register” respectively consider as the words “register”, “of register”, “by register” in accordance with the Law of the Republic of Kazakhstan dated 28.12.2011 No. 524-IV.

This Law regulates the public relations, related with carrying out of the state regulation, control and supervision of financial market and financial organizations, and directs to increasing of stability of financial system of the Republic of Kazakhstan and creation conditions on prevention of violation of rights and legal interests of consumers of financial services.

Footnote. Preamble is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2012 No.30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 1. General provisions

Article 1. Basic concepts used in this Law

The following basic concepts shall be used in this Law:

- 1) consumer of financial services - an individual or legal entity using the services of a financial institution, a branch of a non-resident bank of the Republic of Kazakhstan, a branch of an insurance (reinsurance) organization - non-resident of the Republic of Kazakhstan, a branch of a non-resident insurance broker of the Republic of Kazakhstan, as well as investing its funds in financial instruments;
- 2) professional activity on the financial market - entrepreneurial activity on provision of financial services;
- 3) the authorized body for regulation, control and supervision of the financial market and financial organizations (hereinafter-the authorized body) – a state body carrying out state regulation, control and supervision of the financial market and financial organizations;

4) financial organization - a legal entity that carries out entrepreneurial activity in rendering financial services;

5) financial market – a set of relations, related with rendering and consumption of financial services, as well as issuance and circulation of financial instruments;

6) financial services - the activities of professional participants in the insurance market (with the exception of actuaries), professional participants in the securities market, a voluntary funded pension fund, banking, activities of organizations for conducting certain types of banking operations, organizations engaged in microfinance activities carried out on the basis of licenses obtained in accordance with the legislation of the Republic of Kazakhstan, as well as activities not subject to licensing:

- a unified accumulative pension fund;

- central depository;

- a unified operator in the field of accounting for state property in terms of the implementation of the functions of nominal holding of securities owned by the state, subjects of the quasi-public sector, the list of which shall be approved by the authorized state property management body, or in respect of which the state, these subjects of the quasi-public sector have property rights;

- mutual insurance companies;

- an organization guaranteeing the implementation of insurance payments to policyholders (insured, beneficiaries) in the event of the liquidation of insurance organizations;

7) financial product - a service offered by a financial institution, a branch of a non-resident bank of the Republic of Kazakhstan and a branch of an insurance (reinsurance) organization - non-resident of the Republic of Kazakhstan to consumers of financial services as part of their professional activities in the financial market.

Footnote. Article 1 as amended by the Laws of the Republic of Kazakhstan dated 7 July, 2004 No. 577; dated 5 July, 2006 No.164 (the order of enforcement see Article 2); dated 19 February, 2007 No. 230 (the order of enforcement see Article 2); dated 28.12.2011 No. 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2012 No. 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2013 No. 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 16.05.2014 No. 203-V (shall be enforced upon expiry of six months after its first official publication); dated 27.04.2015 No. 311-V (shall be enforced from 01.01.2015); dated 24.11.2015 № 422-V (shall enter into force from 16.12.2020); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 02.07.2018 № 166-VI (the order of enactment, see art. 2); dated 03.07.2019 № 262 (the order of enforcement see art. 2); dated 02.01.2021 № 399-VI (shall enter into force from 01.01.2021); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 2. The legislation of the Republic of Kazakhstan on the state regulation, control and supervision of financial market and financial organizations

1. The legislation of the Republic of Kazakhstan on the state regulation, control and supervision of financial market and financial organizations shall be based on the Constitution of the Republic of Kazakhstan, shall consist of this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. If by the international treaty, ratified by the Republic of Kazakhstan, made other rules than those that contained in this Law, the rules of the international treaty shall be applied.

3. The effect of the legislation of the Republic of Kazakhstan on public procurement in terms of acquisition of services related to ensuring the stability of the financial system by the authorized body do not apply to legal relations, regulated by the legislation of the Republic of Kazakhstan on state regulation, control and supervision of the financial market and financial organizations.

Footnote. Article 2 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 3. Purposes, principles and tasks of the state regulation, control and supervision of financial market and financial organizations

Footnote. The title of Article 3 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2012 No. 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

1. Purposes of the state regulation, control and supervision of financial market and financial organizations shall be:

1) assistance in ensuring the financial stability of the financial market and financial organizations and maintaining confidence in the financial system as a whole;

2) Is excluded by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication);

3) creation of equal conditions for the activities of financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan aimed at maintaining fair competition in the financial market.

2. Principles of the state regulation, control and supervision of financial market and financial organizations shall be:

1) efficient use of resources and instruments of regulation;

2) transparency of the activities of financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations of the

Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan and financial supervision;

3) liability of financial institutions, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan.

3. Tasks of the state regulation, control and supervision of financial market and financial organizations shall be:

1) establishing standards for the activities of financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations of the Republic of Kazakhstan, branches of insurance brokers of non-resident banks of the Republic of Kazakhstan, creating incentives to improve the corporate governance of financial organizations;

2) monitoring of the financial market and financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan in order to maintain the stability of the financial system;

3) concentration of resources of supervision on the fields of financial market, most subjected to risk, in order to maintain financial stability;

4) ensuring an appropriate level of protection of the interests of consumers of financial services, completeness and accessibility of information for consumers about the activities of financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of insurance brokers-non-residents of the Republic of Kazakhstan and financial services provided by them, as well as improving the level of financial literacy and financial accessibility for the population.

Footnote. Article 3 as amended by the Law of the Republic of Kazakhstan dated 05.07.2012 No. 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.11.2015 № 422-V (shall enter into force from 16.12.2020); dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 4. Prohibition on unauthorized activity on the financial market

1. Carrying out of professional activity on the financial market by persons, not having the appropriate license, issued in accordance with the legislation of the Republic of Kazakhstan shall not be prohibited.

2. Transactions in rendering financial services, performed without the appropriate license, shall be invalid.

Footnote. Article 4 as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 5. Prudential regulation and other standards and limits, compulsory for observance

Prudential standards shall be economic restrictions established by the authorized body for financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan in order to ensure their financial stability and protect the interests of consumers of financial services.

In the cases, provided by the legislative acts of the Republic of Kazakhstan, an authorized body shall have a right to establish the prudential regulations and other standards and limits, compulsory for observance on the consolidated basis.

Footnote. Article 5 as amended by the Law of the RK dated 24.11.2015 № 422-V (shall enter into force from 16.12.2020).

Article 6. Antimonopoly regulation on the financial market

(Is excluded by the Law of the republic of Kazakhstan dated 7 July, 2006 No. 174).

Chapter 1-1. Status, structure and bodies of the authorized body

Footnote. The Law was supplemented with chapter 1-1 in accordance with the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 6-1. Status and legal basis for the activities of the authorized body

The authorized body is a state body directly subordinate and accountable to the President of the Republic of Kazakhstan, carrying out state regulation, control and supervision of the financial market and financial organizations.

The authorized body acts on the basis of the Regulations on it, approved by the President of the Republic of Kazakhstan.

The authorized body in its activities is 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 of the Republic of Kazakhstan.

The authorized body is a legal entity in the organizational and legal form of a republican state institution, financed from budgetary funds.

Article 6-2. Structure and total staffing of the authorized body

The structure and total staffing of the authorized body shall be approved by the President of the Republic of Kazakhstan.

Article 6-3. Chairman of the authorized body

The Chairman of the authorized body shall be appointed by the President of the Republic of Kazakhstan for a period of six years.

The Chairman of the authorized body acts on behalf of the authorized body and represents it without a power of attorney in relations with state bodies, organizations and other persons.

The Chairman of the authorized body is empowered to make operational and executive-administrative decisions on the issues of activity of the authorized body, with the exception of the powers specified by this Law for the Board of the authorized body, to conclude contracts on behalf of the authorized body.

The Chairman of the authorized body shall be responsible for the activities of the authorized body.

The Chairman of the authorized body shall have the right to resign by submitting his/her written application to the President of the Republic of Kazakhstan two months before resigning.

The Chairman of the authorized body shall be dismissed from the post by the President of the Republic of Kazakhstan

Article 6-4. The Deputy Chairmen of the authorized body

The Deputy Chairmen of the authorized body shall be appointed by the President of the Republic of Kazakhstan upon the proposal of the Chairman of the authorized body for a period of six years, regardless of the terms of appointment of the Chairman of the authorized body.

The Deputy Chairmen of the authorized body shall represent the authorized body without a power of attorney, sign documents within their competence.

The Deputy Chairmen of the authorized body shall be dismissed from the post by the President of the Republic of Kazakhstan upon the proposal of the Chairman of the authorized body.

The Deputy Chairmen of the authorized body can resign by submitting their written application to the President of the Republic of Kazakhstan through the Chairman of the authorized body two months before resigning.

Article 6-5. Board of the authorized body and its powers

The supreme body of the authorized body is the Board.

The Board of the authorized body shall:

- 1) determine the priorities in the field of formation and development of the financial market;

- 2) adopt normative legal acts regulating the activities of the financial market and financial organizations, as well as other persons, in accordance with this Law, other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan;

3) determine the procedure for applying limited measures of influence to financial institutions and other individuals, supervisory response measures provided for by the Laws of the Republic of Kazakhstan, on issues within its competence;

4) take a decision on introduction of a special regulatory regime;

5) Excluded by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication);

6) approve the programs aimed at protecting interests of the consumers of financial services together with the National Bank of the Republic of Kazakhstan;

7) take decisions on participation of the authorized body in international and other organizations;

8) take a decision on creation of consultative and advisory bodies of the authorized body;

9) consider, approve and submit the structure, total staffing of the authorized body and the Regulations on the authorized body, as well as amendments and additions to them for approval to the President of the Republic of Kazakhstan;

10) approve the terms of remuneration and social welfare of employees of the authorized body;

11) consider, accept and submit an annual report on the work of the authorized body for approval to the President of the Republic of Kazakhstan;

12) approve the rules for appointment to a position and termination of an employment contract with employees of the authorized body;

13) approve the regulations of the authorized body;

14) approve the rules for publication of financial statements by joint-stock companies and financial organizations, which determine the procedure for its publication, including the list of financial statements subject to publication and the terms of its publication;

15) approve the rules for creating provisions (reserves) in accordance with international financial reporting standards and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting;

16) approve the rules for the issuance and circulation of bank deposit certificates;

17) approve regulatory legal acts regulating the activities of financial organizations on ensuring information security, in accordance with this Law and other laws of the Republic of Kazakhstan;

18) develop and approve the rules for acquisition of services related to ensuring the stability of the financial system by the authorized body;

18-1) jointly with the National Bank of the Republic of Kazakhstan and the authorized body, management in the field of ensuring tax revenues and other mandatory payments to the budget, shall approve the rules for the withdrawal of cash from bank accounts by business entities, which determine, among other things, the conditions for businesses to withdraw cash from bank accounts in excess of the established maximum size, as well as the procedure for

submitting to the authorized body that provides leadership in the field of ensuring tax revenues and other mandatory payments to the budget, and the authorized body of data and information on the withdrawal by business entities of cash from bank accounts in excess of the established maximum size, including forms, list and terms of their submission;

Article 6-5 as provided for by subparagraph 18-2) in accordance with the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall enter into force from 01.01.2024)

19) carry out 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.

The requirements of sub-paragraphs 2), 3), 14), 15) and 17) of the second part of this Article shall apply to branches of non-resident banks of the Republic of Kazakhstan, branches of non-resident insurance (reinsurance) organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan.

For the purposes of applying subparagraph 14) of second part of this Article in relation to branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of insurance non-resident brokers of the Republic of Kazakhstan, financial reporting shall be understood as accounting reporting.

Footnote. Article 6-5 as amended by the Law of the RK dated 02.01.2021 № 399-VI (the order of entry into force see Article.2); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 6-6. Composition of the Board of the authorized body

The Board of the authorized body consists of six people.

The Board of the authorized body includes the Chairman of the authorized body, three officials of the authorized body, one representative from the President of the Republic of Kazakhstan and the National Bank of the Republic of Kazakhstan.

Members of the Board of the authorized body from the President of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan and the authorized body shall be appointed and dismissed, respectively, by the President of the Republic of Kazakhstan, the Chairman of the National Bank of the Republic of Kazakhstan and the Chairman of the authorized body.

Article 6-7. Meetings of the Board of the authorized body

Meetings of the Board of the authorized body shall be held as necessary in accordance with the work plan approved by the Chairman of the authorized body.

Unscheduled meetings of the Board of the authorized body shall be held at the request of the Chairman of the authorized body or two members of the Board.

Members of the Board of the authorized body shall be timely notified of the appointment of the Board meeting.

The meetings of the Board of the authorized body shall be chaired by the Chairman of the authorized body, and in his/her absence - by a person replacing him/her.

The Board of the authorized body is competent to make a decision with the participation of at least two-thirds of the members of the Board, including the Chairman of the authorized body or a person replacing him/her.

The decision of the Board of the authorized body shall be adopted by a simple majority of votes of the members of the Board. In case of equality of votes, the vote of the Chairman of the authorized body shall be decisive.

The Chairman of the authorized body, no later than within a week, shall have the right to return the decision of the Board with his/her objections for a second discussion and vote. If the Board confirms the earlier taken decision by two-thirds of votes of their total number, the Chairman of the authorized body shall sign the decision.

The Board shall adopt a resolution on the issues within its competence.

Chapter 2. Tasks, functions and powers of the authorized body

Footnote. The title of Chapter 2 as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 (shall be enforced from 01.01.2020).

Article 7. The status of the authorized body

Footnote. Is excluded by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 8. Tasks of the authorized body

1. The tasks of the authorized body shall be:

1) implementation of measures on prevention of violations of rights and legal interests of consumers of financial services;

2) creation of equal conditions for the functioning of the relevant types of financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan on the principles of fair competition;

3) increasing the level of standards and methods of regulation, control and supervision of activity of financial organizations, using the measures on ensuring of timely and full implementation of their accepted obligations.

2. An authorized body shall ensure implementation of other tasks, provided by this Law and other legislative acts of the Republic of Kazakhstan.

Footnote. Article 8 as amended by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.11.2015 № 422-V (shall enter into force from 16.12.2020).

Article 9. Functions and powers of the authorized body

Footnote. The title of Article 9 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

1. For the purpose of state regulation, control and supervision over the activities of financial organizations, as well as other persons in accordance with this Law and other laws of the Republic of Kazakhstan, the authorized body shall:

1) issue and revoke permission to open (creation) of financial organizations, their voluntary reorganization and liquidation, as well as voluntary reorganization of bank and insurance holding companies, as well as determine the procedure of issuance of specified permissions and consents in the cases, provided by the legislative acts of the Republic of Kazakhstan;

1-1) in cases stipulated by the Laws of the Republic of Kazakhstan, shall issue permits for voluntary reorganization of a microfinance organization in the form of conversion into a bank ;

2) in cases stipulated by legislative acts of the Republic of Kazakhstan, shall give consent or shall refuse to give consent to election (appointment) of persons to the positions of senior employees of financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan, bank holdings, insurance holdings, and also shall determine the procedure for giving this consent or refusing to give consent, including criteria for the absence of impeccable business reputation;

3) carry out licensing of activities in the financial sphere and activities related to concentration of financial resources, within the competence established by the laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan;

3-1) excluded by the Law of the RK dated 03.07.2020 № 359-VI (shall enter into force from 01.01.2021);

3-2) carry out accounting registration and maintenance of the register of collection agencies;

3-3) issue a permit for the right to carry out the activities of a credit bureau and an act on compliance of the credit bureau with the requirements for the credit bureau on protection and ensuring the safety of the database of credit histories, information systems used and premises;

3-4) monitors and supervises compliance by second-tier banks, branches of non-resident banks of the Republic of Kazakhstan and the National Postal Operator with the requirements for the arrangement of premises;

3-5) maintain a register of valid consents to the appointment (election) of senior employees of banks, insurance (reinsurance) organizations, insurance brokers, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan, a unified accumulative pension fund, voluntary accumulative pension funds, legal entities applying for a license or having licenses to operate on the securities market, a central depository and a unified operator, bank, insurance holdings, joint-stock company "Insurance payment guarantee fund";

4) issues regulatory legal acts binding on financial institutions, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan, consumers of financial services, other individuals and legal entities on the territory of the Republic of Kazakhstan;

5) approve prudential standards and other mandatory standards and limit for financial institutions, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan, including on a consolidated basis;

5-1) approve internal procedures for determination of carrying out of requirements of the authorized body by the banks, bank holding companies and banking conglomerates in recognition of risks accepted by them;

6) is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020);

6-1) monitor and supervise compliance by financial institutions, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan and the Development Bank of Kazakhstan with the procedure for automating accounting;

7) Is excluded by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication);

7-1) shall send its representative to participate in the general meeting of shareholders (participants) of financial organizations, banking and insurance holdings;

8) check the activities of financial organizations and other persons specified in paragraph 1 of Article 15-1 of this Law, in the cases and within the limits provided for by this Law and other laws of the Republic of Kazakhstan, including with involvement of the National Bank of the Republic of Kazakhstan and an audit organization;

8-1) verify the legal entities, applied to the authorized body with application on issuance of license on carrying out of activity on the financial market, in the cases and within the limits, provided by the Laws of the Republic of Kazakhstan;

8-2) shall carry out remote supervision, including on a consolidated basis, over the activities of financial organizations, their major participants, banking and insurance holdings, organizations belonging to the banking conglomerate and insurance group, branches of banks - non-residents of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan, organizations guaranteeing the implementation of insurance payments in the manner, prescribed by the laws of the Republic of Kazakhstan;

9) apply to financial institutions and other individuals, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan limited measures of influence, supervisory response measures, including using motivated judgment, sanctions and other measures provided for by the Laws of the Republic of Kazakhstan, on issues within its competence;

9-1) apply methods for assessing risks arising in the activities of banks, bank holdings, banking conglomerates, insurance (reinsurance) organizations, insurance groups, insurance holdings, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, organizations engaged in brokerage and (or) dealer activities in the securities market and (or) investment portfolio management activities;

10) adopt decision on compulsory redemption of shares of financial organizations by agreement with the Government of the Republic of Kazakhstan in the cases, provided by the legislative acts of the Republic of Kazakhstan;

11) monitor the activities of liquidation commissions of financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of insurance brokers of non-residents of the Republic of Kazakhstan in cases provided for by legislative acts of the Republic of Kazakhstan;

12) publish in the media information on financial institutions, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations of non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan, collection agencies, credit bureaus (with the exception of information constituting official, commercial, banking or other secret protected by law), including information on the measures taken to them;

12-1) is excluded by the Law of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication);

12-2) is excluded by the Law of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication).

13) applies a risk-oriented approach within the framework of control and supervision of the activities of banks, banking conglomerates, organizations engaged in certain types of banking operations, insurance (reinsurance) organizations, insurance groups, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations – non-residents of the Republic of Kazakhstan, organizations engaged in brokerage and (or) dealer activities in the securities market, investment portfolio management activities, including the use of reasoned judgment in cases provided for in paragraph 2 of Article 13-5 of this Law;

14) introduce a special regulatory regime in relation to financial organizations and (or) other legal entities and regulate their activities within the competence;

15) establish the requirements for creation, operation and information security of information systems of the authorized body, integrated with the information systems of the National Bank of the Republic of Kazakhstan, which are not integrated with the objects of information and communication infrastructure of "electronic government";

16) performs the functions of the branch center for information security of the financial market and financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations – non-residents of the Republic of Kazakhstan, branches of insurance brokers – non-residents of the Republic of Kazakhstan;

17) analyzes information about information security incidents of banks, branches of non-resident banks of the Republic of Kazakhstan and organizations engaged in certain types of banking operations, including information about violations, failures in information systems ;

18) carry out development of Islamic financing, taking into account international standards of Islamic financial instruments and Islamic financial services independently and (or) jointly with other state bodies of the Republic of Kazakhstan within their competence, as well as with organizations;

19) carry out implementation of measures to rehabilitate second-tier banks, including those financed at the expense of the National Bank of the Republic of Kazakhstan and (or) its subsidiaries, as well as control over the fulfillment of obligations taken under these measures by banks;

20) carry out implementation of programs for refinancing housing mortgage loans and mortgage loans to individuals carried out through subsidiaries of the National Bank of the Republic of Kazakhstan, as well as control over the fulfillment of obligations taken under these programs by banks;

20-1) monitor and supervise compliance of financial institutions with information security requirements within its competence;

21) carry out 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.

2. The authorized body shall have the right to conduct inspections of financial institutions and their affiliates, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan, including with the involvement of audit organizations, appraisers and specialists in the field of financial technologies for the purpose of:

1) determining the financial condition of financial institutions and their affiliates, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan;

2) determination of compliance with the legislation of the Republic of Kazakhstan with the management structure and decision-making procedures of financial organizations and their affiliates, branches of non-resident banks of the Republic of Kazakhstan, branches of non-resident insurance (reinsurance) organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan;

3) determination of affiliated individuals of financial institutions, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan;

4) revelation and prevention of violations of rights of consumers of financial services;

5) revelation and prevention of unauthorized activity on provision of financial services or issuance of financial instruments;

6) identification and/or prevention of risks inherent in information technology when performing financial transactions;

7) assessing the objectivity of determining the value of financial instruments.

2-1. Within its competence, the authorized body exercise control and supervision over compliance by financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations of non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan, the National postal operator with the requirements of the legislation of the Republic of Kazakhstan on countering the legalization (laundering) of proceeds from crime and financing of terrorism.

2-2. The authorized body shall have the right to have its representative in banks, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, bank holdings managing the

investment portfolio, insurance (reinsurance) organizations, insurance holdings, an organization guaranteeing the implementation of insurance payments to policyholders (insured, beneficiaries) in case of liquidation of insurance organizations (hereinafter referred to as the representative), in order to carry out supervisory functions.

3. In addition to the functions and powers provided for in paragraphs 1, 2, 2-1 and 2-2 of this Article, the authorized body shall exercise other powers on state regulation, control and supervision of financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan, banking and insurance holdings, banking conglomerates and insurance groups, taking into account the peculiarities provided for by Articles 10-13 of this Law, as well as other Laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

4. The authorized body shall not have a right to intervene in the activity of financial organizations, except for the cases, provided by the legislative acts of the Republic of Kazakhstan.

5. The authorized body, for the purposes of granting a loan of final instance by the National Bank of the Republic of Kazakhstan, shall submit the following information to the National Bank of the Republic of Kazakhstan:

1) a conclusion on expediency of providing a loan of final instance and compliance of the bank with the requirements provided for in subparagraph 1) of paragraph 1 of Article 51-3 of the Law of the Republic of Kazakhstan "On the National Bank of the Republic of Kazakhstan", for consideration of the issue for providing a loan of final instance by the Board of the National Bank of the Republic of Kazakhstan;

2) on determination of the bank's assets acceptable for acceptance by the National Bank of the Republic of Kazakhstan as collateral under the contract of loan of final instance;

3) on the current state of assets of the bank accepted and (or) having accepted as collateral under the contract of loan of final instance;

4) a list of second-tier banks for making a decision on the sale of assets that are collateral under the contract of loan of final instance;

6. Cancellation of decisions of the authorized body on deprivation of financial institution, branch of non-resident bank of the Republic of Kazakhstan, branch of insurance (reinsurance) non-resident organization of the Republic of Kazakhstan, a branch of a non-resident insurance broker of the Republic of Kazakhstan, a license to conduct all types of operations and activities, on classifying a bank as insolvent banks, classifying a non-resident bank branch of the Republic of Kazakhstan as insolvent branches of non-resident banks of the Republic of Kazakhstan, applying measures to resolve a bank classified as insolvent banks, establishing a conservation regime for a financial organization (reinsurance) organization on carrying out

the operation on transfer of assets and liabilities of the bank, transfer of the insurance portfolio shall not entail amendments or termination of legal consequences arising from the adoption of these decisions.

Footnote. Article 9 as amended by the Laws of the Republic of Kazakhstan dated 11.06.2004 No. 562; dated 23.12.2005 No. 107 (the order of enforcement see Article 2 of the Law No. 107); dated 31.01.2006 No. 125; dated 05.05.2006 No. 139 (the order of enforcement see Article 2 of the Law of the Republic of Kazakhstan No.139); dated 19.02.2007 No. 230 (the order of enforcement see Article 2); dated 28.08.2009 No. 192-IV (shall be enforced from 08.03.2010); dated 19.03.2010 No. 258-IV; dated 15.07.2010 No. 338-IV (the order of enforcement see Article 2); dated 05.07.2011 No. 452-IV (shall be enforced from 13.10.2011); dated 28.12.2011 No. 524-IV(shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2012 No. 30-V(shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2013 No. 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 16.05.2014 No. 203-V (shall be enforced upon expiry of six months after its first official publication); dated 10.06.2014 No. 206-V (shall be enforced upon expiry of six months after its first official publication); dated 24.11.2015 № 422-V (shall enter into force from 16.12.2020);dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 02.07.2018 No. 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2018 № 168-VI (the order of enactment see Art. 2); dated 03.07.2019 № 262 (shall be enforced from 01.01.2020); dated 03.07.2020 № 359-VI (shall enter into force from 01.01.2021); dated 02.01.2021 № 399-VI (the order of the entry into force see Article.2); dated 14.07.2022 № 141-VII (shall enter into force upon expiry of ten calendar days after the day of its first official publication); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 9-1. The task, functions, rights and obligations of representative

Footnote. The Law is supplemented by Article 9-1 in accordance with the Law of the republic of Kazakhstan dated 15.07.2010 No. 338-IV (the order of enforcement see Article 2); is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 9-2. Remote supervision

Footnote. The Law is supplemented by Article 9-2 in accordance with the Law of the republic of Kazakhstan dated 15.07.2010 No. 338-IV (the order of enforcement see Article 2); is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 9-3. Risk-oriented approach in the framework of control and supervision

Footnote. The Law is supplemented by Article 9-3 in accordance with the Law of the republic of Kazakhstan dated 15.07.2010 No. 338-IV (the order of enforcement see Article 2); is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 10. Features of the state regulation, control and supervision of banking activity

Footnote. The title of Article 10 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

For the purposes of carrying out of the state regulation, control and supervision of banking activity, the authorized body shall:

1) determine procedure of giving and refuse in giving the consent for acquisition of the status of major participant of bank and bank holding company by the individual and legal entities, permission for creation and acquisition of branch organization by banks and bank holding companies, as well as permission for acquisition of significant participant in the capital of legal entities by the banks and bank holding companies, issue or refuse in issuance of specified consent and permissions;

2) establish minimum dimensions of owned capital of banks;

3) establish requirements on formation of reserve capital of banks;

4) approve prudential regulations and other standards and limits, compulsory for observance for banking conglomerates;

5) (Is excluded - dated 19 February, 2007 № 230)

6) establish procedure of classification of assets and conditional obligations and creation provisions against them. Procedure of allocation of assets and conditional obligations to the category of doubtful and loss shall be determined by agreement with the state body, ensuring tax control of fulfilment of tax obligations before the state;

7) maintain a register of banks, branches of non-resident banks of the Republic of Kazakhstan;

8) determine the procedure for application and decide on the application of compulsory measures to the bank's affiliated individuals provided for by the Laws of the Republic of Kazakhstan;

9) adopt decision on preservation of bank and appoint temporary administration (temporary manager of bank) in the cases, established by the banking legislation of the Republic of Kazakhstan;

9-1) adopt decision on creation and termination of activity of stabilization of bank in the cases, provided by the Law of the Republic of Kazakhstan;

10) make, in cases established by the Laws of the Republic of Kazakhstan, a decision on deprivation of the license to carry out all or certain operations provided for by the banking legislation of the Republic of Kazakhstan, and shall appoint a temporary administration (temporary administrator) of the bank, a liquidation commission forcibly terminating the activities of a branch of a non-resident bank of the Republic of Kazakhstan;

10-1) make a decision in cases established by the laws of the Republic of Kazakhstan to complete the procedure for voluntary or compulsory termination of the activities of a non-resident bank branch of the Republic of Kazakhstan;

11) carry out other functions in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 10 as amended by the Laws of the Republic of Kazakhstan dated 23.12.2005 No. 107 (the order of enforcement see Article 2 of the Law No. 107); dated 05.05.2006 No. 139 (the order of enforcement see Article 2 of the Law of the Republic of Kazakhstan No. 139); dated 19.02.2007 No. 230 (the order of enforcement see Article 2); dated 11.07.2009 No. 185-IV (shall be enforced from 30.08.2009); dated 15.07.2010 No. 337-IV (the order of enforcement see Article 2); dated 15.07.2010 No. 338-IV (the order of enforcement see Article 2); dated 28.12.2011 No. 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2012 No. 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.11.2015 № 422-V (shall enter into force from 16.12.2020); dated 02.01.2021 № 399-VI (shall enter into force from 16.12.2020).

Article 10-1. The task, functions, rights and obligations of the representative of authorized body in the banks

Footnote. Article 10-1 is excluded by the Law of the Republic of Kazakhstan dated 15.07.2010 № 338-IV (the order of enforcement see Article 2).

Article 11. Features of the state regulation, control and supervision of insurance activity

Footnote. The title of Article 11 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

For the purposes of carrying out of the state regulation, control and supervision of insurance activity, the authorized body shall:

1) determine procedure of giving or refuse in giving the consent for acquisition of the status of major participant of insurance (reinsurance) organization and insurance holding companies by the individual and legal entities, permission for creation and acquisition of branch organization by insurance (reinsurance) organization and insurance holding companies , as well as permission for acquisition of significant participant in the capital of legal entities

by insurance (reinsurance) organization and insurance holding companies, issue of specified consent and permission or refuse in its issuance;

2) establish the requirements for the formation by insurance (reinsurance) organizations, branches of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan of insurance reserves, the methodology for calculating insurance reserves and their structure;

3) is excluded by the Law of the Republic of Kazakhstan dated 02.07.2018 No. 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication);

4) determine the procedure for placing and investing assets by insurance (reinsurance) organizations;

5) establish requirements for the content and procedure for processing of insurance policies;

6) determine procedure and conditions of increasing the amount of regular insurance payments during the term of the annuity contracts on the basis of actuarial conclusion and requirements to its content;

7) determine procedure and conditions of issuance of loans to its insured persons by the insurance organization, carrying out activity on endowment insurance;

8) determine the procedure for accounting of insurance (reinsurance) organization, branch of insurance (reinsurance) organization non-resident of the Republic of Kazakhstan insurance and reinsurance contracts, including those executed by insurance (reinsurance) organization, branch of insurance (reinsurance) organization non-resident of the Republic of Kazakhstan in violation of the deadlines established (agreements or legislation of the Republic of Kazakhstan);

9) maintain a register of insurance (reinsurance) organizations, insurance brokers, branches of insurance (reinsurance) organizations-non-residents of the Republic of Kazakhstan, branches of insurance brokers-non-residents of the Republic of Kazakhstan, actuaries;

10) make, in cases established by the Laws of the Republic of Kazakhstan, a decision to deprive a license for the right to carry out insurance (reinsurance) activities and appoint a temporary administration (temporary administrator) of an insurance (reinsurance) organization, a liquidation commission forcibly terminating the activities of a branch of an insurance (reinsurance) non-resident organization of the Republic of Kazakhstan;

10-1) make, in cases established by the Laws of the Republic of Kazakhstan, a decision to complete the procedure for voluntary or compulsory termination of the activities of a branch of a non-resident insurance (reinsurance) organization of the Republic of Kazakhstan;

11) determine procedure of compulsory collective guarantee of insurance payments on the types of compulsory insurance;

12) carry out other functions in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 11 as amended by the Laws of the Republic of Kazakhstan dated 05.05.2006 No. 139 (the order of enforcement see Article 2 of the Law of the Republic of Kazakhstan No. 139); dated 19.02.2007 No. 230 (the order of enforcement see Article 2); dated 15.07.2010 No. 337-IV (the order of enforcement see Article 2); dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2018 № 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.11.2015 № 422-V (shall enter into force from 16.12.2020); dated 02.01.2021 № 399-VI (shall enter into force from 16.12.2020).

Article 12. Peculiarities of state regulation, control and supervision over activities of securities market entities and other financial instruments

Footnote. The title of Article 12 in the new wording of the Law of the Republic of Kazakhstan dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016).

For the purposes of carrying out of the state regulation, control and supervision of activity of security market entities, the authorized body shall:

- 1) recognize the assets of financial market as securities;
- 1-1) shall monitor issuers of non-state equity securities;
- 2) carry out state registration of issues of non-state issue securities, Islamic securities, derivative securities;
review and approve reports on the results of the placement of shares, reports on the exchange of outstanding shares of a joint-stock company of one type for shares of this joint-stock company of another type, reports on the results of the placement or repayment of Islamic securities and derivative securities;
cancel issues of shares and bonds;
- 3) shall determine the conditions and procedure for the issuance, placement, circulation and redemption of securities, including derivative securities;
- 4) establish the conditions and procedure for state registration of securities issues, including derivative securities, consideration of reports on the results of their placement, reports on the results of placement or repayment of Islamic securities and derivative securities, as well as their cancellation;
- 5)-7) (Is excluded - dated 19 February, 2007 № 230)
- 8) determine conditions and procedure of suspension and resumption of placement and circulation of securities and public securities;
- 9) maintain the State register of securities, electronic register of the licensor and register of permissions for carrying out of activity on the security market;
- 9-1) determine procedure of giving and refuse in giving the consent for acquisition of the status of major participant, managing the investment portfolio by the individual and legal

entities, requirements to the documents, presented for obtainment of the specified consent, issue or refuse in issuance of such consent;

9-2) establish the minimum amount of charter capital of professional participants of security market, procedure of its formation and composition;

9-3) approve the prudential regulations and other standards and limits, compulsory for observation for professional participants of security market;

10) establish conditions and procedure of carrying out of professional activity on the security market, as well as requirements to the condition and procedure of commission of transactions with securities;

11) establish procedure of investment by the investment portfolio managers and institutional investors;

11-1) establish procedure of maintaining of records of pension savings by the investment portfolio manager at the expense of voluntary pension contributions on the individual pension accounts of contributors (recipients);

11-2) give permission for reorganization of voluntary pension savings fund;

12) establish the procedure for activities of organizers of bidding in securities and professional organizations;

13) exercise supervision over manipulation of prices (rates) of securities and other financial instruments, including derivative securities and foreign currencies, conclusion of transactions in securities market involving the use of insider information or information constituting official, commercial, banking or other secret protected by law;

14) carry out regulation and control of functioning of investment funds in accordance with the legislation of the Republic of Kazakhstan;

14-1) Is excluded by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V(shall be enforced upon expiry of ten calendar days after its first official publication);

14-2) establish requirements on existence of system of risk management for professional participants on the security market;

14-3) is excluded by the Law of the Republic of Kazakhstan dated 02.07.2018 № 168-VI (shall be enforced from 01.01.2019);

15) carry out other functions in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 12 as amended by the Laws of the Republic of Kazakhstan dated 07.07.2004 No. 577; dated 20.02.2006 No. 127 (the order of enforcement see Article 2); dated 19.02.2007 No. 230 (the order of enforcement see Article 2); dated 15.07.2010 No. 337-IV (the order of enforcement see Article 2); dated 28.12.2011 No. 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2012 No. 30-V(shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2013 No. 106-V(shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.11.2015 № 391-V shall be enforced upon expiry of six months

after the day its first official publication); dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016); dated 02.07.2018 No. 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2018 № 168-VI (the order of enactment see Art. 2); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 12-1. Monitoring of issuers of non-state equity securities

Footnote. The Law shall be supplemented by Article 12-1 in accordance with the Law of the Republic of Kazakhstan dated 02.07.2018 № 168-VI (shall be enforced upon expiry of ten calendar days after its first official publication); is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 12-2. Peculiarities of state regulation, control and supervision of microfinance activities

In order to carry out state regulation, control and supervision of microfinance activities, the authorized body shall:

- 1) approve the rules for licensing microfinance activities, qualification requirements for microfinance activities and a list of documents confirming compliance with them;
- 2) maintain a register of organizations engaged in microfinance activities;
- 3) establish the minimum size of the authorized and own capital of organizations engaged in microfinance activities;
- 4) approve prudential standards and other mandatory standards and limits for organizations engaged in microfinance activities;
- 5) approve the rules for the classification of assets and contingent liabilities under microloans provided and the creation of provisions (reserves) against them in agreement with the authorized body that shall manage the provision of tax revenues and other mandatory payments to the budget;
- 6) perform other functions provided for by this Law, other Laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

Footnote. The Law as added by the Article 12-2 in accordance with the Law of the RK dated 03.07.2020 № 359-VI (shall enter into force from 01.01.2021); as amended by the Law of the RK dated 02.01.2021 № 399-VI (shall enter into force from 01.01.2021).

Article 13. Features of the state regulation, control and supervision of activity of unified pension savings fund and voluntary pension saving fund

For the purposes of carrying out of the state regulation, control and supervision of activity of unified pension savings fund and voluntary pension savings fund, the authorized body shall :

1) establish requirements to the leading employees of unified pension savings fund and voluntary pension savings fund;

2) establish procedure of maintaining of records of pension savings at the expense of compulsory pension contributions, compulsory professional pension contributions on the individual pension accounts of contributors (recipients);

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Article 13 shall be supplemented with sub-paragraph 2-1) in accordance with the Law of the Republic of Kazakhstan dated 02.08.2015 № 342-V (shall be enforced from 01.01.2024).

3) establish procedure of transfer of voluntary pension savings of contributors to the unified pension savings fund in the case of termination of license for managing the investment portfolio with the right of attraction voluntary pension contributions;

4) determine procedure of formation of the system of risk management and internal control;

5) carry out other functions in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 13 is in the wording of the Law of the Republic of Kazakhstan dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 13-1. Features of procedure of organization and conducting of verifications of financial organizations and their affiliated persons, legal entities, carrying out activity on the security market, issuers of securities, credit bureaus, liquidation commissions of banks, insurance (reinsurance) organizations, pension savings funds

Footnote. Article 13-1 is excluded by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 13-2. Powers in the field of audit of other information in the field of financial market

1) require an audit of other information of the bank, insurance (reinsurance) organization, branch of the bank - non-resident of the Republic of Kazakhstan, branch of the insurance (reinsurance) organization - non-resident of the Republic of Kazakhstan, professional participant in the securities market;

2) shall establish, in coordination with the authorized state body, exercising state regulation in the field of auditing activities and control over the activities of auditing and professional audit organizations, the list of issues to be checked as part of an audit of other information, the requirements for the content, deadline for submission by an audit organization of an audit conclusion on the audit of other information, requirements for auditors as part of an audit organization, involved in the audit of other information.

Footnote. The Law shall be supplemented by Article 13-2 in accordance with the Law of the Republic of Kazakhstan dated 02.07.2018 № 168-VI (for the procedure of entry into force, see Article 2).

Article 13-3. Objectives of introduction and general conditions for carrying out activities under the special regulatory regime

1. Special regulatory regime is a set of special conditions for carrying out activities in the financial sphere, activities related to concentration of financial resources and (or) payment services established by the authorized body.

2. Special regulatory regime is aimed at achieving the following objectives:

1) increasing competition in the financial services market and investment attractiveness of the financial market;

2) introduction of new services and development of the financial market to increase the degree of satisfaction and compliance with the interests of consumers, subjects of entrepreneurship and the state;

3) formation of optimal regulation and supervision of the financial market and financial organizations, ensuring financial stability and protecting the consumers' interests.

3. The principles of the special regulatory regime shall be:

1) ensuring equality of conditions for participation within the framework of a special regulatory regime;

2) compliance with special regime for regulating the rights and interests of the consumers by the participants.

4. A special regulation regime shall be introduced by the decision of the Board of the authorized body, which specifies the types of activities (services, products) in the financial sphere, activities related to the concentration of financial resources and (or) with payment services, special conditions for their implementation within the framework of a special regulation regime, a list of participants, the procedure and conditions for applying to participants a special regulation regime requirements of the legislation of the Republic of Kazakhstan.

Introduction of a special regulatory regime in relation to activities related to payment services shall be carried out by the decision of the Board of the authorized body in agreement with the National Bank of the Republic of Kazakhstan.

The general term of the special regulatory regime does not exceed five years.

5. The special regulatory regime terminates its effect after expiration of the period for which it was introduced.

6. The procedure for introduction and cancellation of the special regulatory regime, carrying out activities within the framework of the special regulatory regime shall be approved by the regulatory legal act of the authorized body.

Footnote. The law was supplemented with Article 13-3 in accordance with the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020); as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 13-4. Carrying out activities within the framework of a special regulatory regime

1. Participants in the special regulatory regime may be financial organizations and (or) other legal entities carrying out activities in the financial sphere, activities related to concentration of financial resources and (or) payment services (hereinafter- the participants of a special regulatory regime).

2. The activities of a participant of a special regulatory regime shall be carried out in accordance with a contract on carrying out activities within the framework of a special regulatory regime concluded with the authorized body.

A contract on carrying out activities related to payment services within the framework of a special regulatory regime shall be concluded between a participant of a special regulatory regime, an authorized body and the National Bank of the Republic of Kazakhstan.

A standard contract on carrying out activities within the framework of a special regulatory regime shall be approved by the authorized body.

A standard contract on carrying out activities within the framework of a special regulatory regime must contain a condition according to which a participant of the special regulatory regime shall be obliged to notify the consumers of services about their activities within the framework of a special regulatory regime.

3. The selection criteria and the procedure for considering documents for concluding a contract on carrying out activities within the framework of a special regulatory regime shall be approved by the regulatory legal act of the authorized body.

4. The authorized body shall refuse a person wishing to become a party of a special regulatory regime to conclude a contract on carrying out activities within the framework of a special regulatory regime in cases of non-compliance of the declared type of activity with the goals of introducing a special regulatory regime, non-compliance of a person wishing to become a party of a special regulatory regime with the selection criteria and (or) non-compliance of the submitted documents with the requirements, established by the regulatory legal act of the authorized body.

5. The effect of a contract on carrying out activities within the framework of special regulatory regime shall be terminated:

1) upon termination of a special regulatory regime due to the expiration of the period for which it was introduced, or its cancellation;

2) upon expiration of the term or early termination of a contract on carrying out activities within the framework of a special regulatory regime;

3) in other cases provided for by the civil legislation of the Republic of Kazakhstan or by the contract on carrying out activities within the framework of a special regulatory regime.

6. The authorized body shall have the right to unilaterally terminate the contract on carrying out activities within the framework of a special regulatory regime in the event that the participant of the special regulatory regime fails to fulfill the obligations provided for by the contract, as well as if the participant of a special regulatory regime ceases to comply with the conditions established by the regulatory legal act of the authorized body.

The authorized body shall notify the participant of a special regulatory regime about the failure to fulfill the obligations determined by the contract on carrying out activities within the framework of a special regulatory regime, and the need to eliminate violations within a period of not more than sixty working days from the date of notification.

A participant of a special regulatory regime, within a period of not more than five working days from the date of receipt of the notification from the authorized body, shall develop and submit an action plan to eliminate the violations and (or) causes, as well as the conditions that contributed to their committing to the authorized body. The action plan contains a list of planned activities, terms for their implementation, as well as responsible officials.

If the authorized body approves the action plan, the participant of a special regulatory regime shall start its implementation and submit a report on implementation of the actions to the authorized body within the terms established by the authorized body.

If the authorized body disagrees with the action plan, the participant of a special regulatory regime shall eliminate the comments of the authorized body.

In case of disapproval of the action plan and (or) non-acceptance of measures on elimination these comments by the participant of a special regulatory regime, the authorized body shall notify the participant of a special regulatory regime about termination of the contract on carrying out activities within the framework of a special regulatory regime unilaterally.

7. After termination of the contract on carrying out activities within the framework of a special regulatory regime, a person who was previously a participant of a special regulatory regime shall be obliged to immediately cease activities carried out within the framework of a special regulatory regime, subject to licensing or in respect of which a permitting procedure is in force in accordance with the laws of the Republic of Kazakhstan, as well as to fulfill obligations towards their clients in the manner and terms established by the regulatory legal acts of the authorized body.

8. Carrying out activities subject to licensing or in respect of which the permitting procedure is in force in accordance with the laws of the Republic of Kazakhstan, after termination of the contract on carrying out activities within the framework of a special regulatory regime shall be illegal and entail liability established by the laws of the Republic of Kazakhstan.

9. The powers of the authorized body, provided for by paragraphs 4 and 6 of this Article, in respect of activities related to payment services, shall be carried out in agreement with the National Bank of the Republic of Kazakhstan.

Footnote. The law was supplemented with Article 13-4 in accordance with the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 13-5. Powers of the authorized body to use a reasoned judgment

1. The authorized body shall be entitled to use reasoned judgment in respect of:

1) banks, organizations carrying out certain types of banking operations, bank holdings, large bank participants, insurance (reinsurance) organizations, insurance holdings, large members of an insurance (reinsurance) organization, insurance groups and (or) organizations that shall be part of insurance groups, insurance brokers, organizations that guarantee insurance payments, actuaries licensed to carry out actuarial activities in the insurance market, professional participants in the securities market (except for organizations carrying out transfer-agency activities), large participants in investment portfolio managers;

2) managers, candidates for positions of managers of the bank, banking holding, insurance (reinsurance) organization, insurance holding, insurance broker, organization guaranteeing insurance payments, professional participant in the securities market (with the exception of organizations engaged in transfer-agency activities).

2. A reasoned judgment is understood as a justified professional opinion of the collegial body of the authorized body, which is the basis for application of supervisory response measures established by the laws of the Republic of Kazakhstan, as well as for making decisions in other cases provided for by this Law and other laws of the Republic of Kazakhstan.

The authorized body shall have the right to use a reasoned judgment in the following cases:

1) assessment of business reputation for the presence or absence of impeccable business reputation, as well as assessment of financial situation for the presence or absence of unstable financial situation at issuance (refusal to issue) permission to open a bank, insurance (reinsurance) organization, consent to acquire the status of a large participant in the bank, banking holding, a large participant in the insurance (reinsurance) organization, insurance holding, a large participant in the investment portfolio manager, permission for significant participation of the bank and (or) a banking holding company, an insurance (reinsurance) organization and (or) an insurance holding company in the capital of the organizations, permission to create or acquire a subsidiary by the bank and (or) bank holding, insurance (reinsurance) organization and (or) insurance holding, as well as consent to the appointment of (election) to the position of senior executive of a bank, banking holding, insurance (reinsurance) organization, insurance holding, insurance broker, organization guaranteeing insurance payments, professional participant in the securities market (except for organizations

carrying out transfer-agent activities), upon notification by the bank, bank holding, insurance (reinsurance) organization, insurance holding, insurance broker, organization guaranteeing insurance payments, professional participant in the securities market (except for organizations carrying out transfer-agent activities) and an organization carrying out certain types of banking operations, on the appointment of (election) of managers, issuance of licenses for banking or other operations, for the implementation of insurance (reinsurance) activities, to carry out the activities of an insurance broker, to carry out activities on the securities market;

1-1) assessment of business reputation for the presence or absence of impeccable business reputation of senior employees of the bank, banking holding, insurance (reinsurance) organization, insurance holding, insurance broker, organization guaranteeing insurance payments, professional participant in the securities market (except for organizations carrying out transfer-agent activities) during the performance of their duties or during the period of validity of the issued consent for appointment (election) to the position of a senior executive of a bank, a banking holding, an insurance (reinsurance) organization, an insurance holding, an insurance broker, an organization guaranteeing insurance payments, a professional participant in the securities market (with the exception of organizations engaged in transfer-agency activities;

2) determining the persons who are recognized as persons associated with special relations with the bank, insurance (reinsurance) company, establishing the facts of provision of preferential conditions to the persons related with special relations with them by the bank, insurance (reinsurance) company, as well as referring transactions made by the bank, insurance (reinsurance) organization, to the transactions with preferential terms;

3) assessing the quality of the risk management and internal control system in a bank and a banking conglomerate, an insurance (reinsurance) company and an insurance group, a professional participant in the securities market (with the exception of organizations carrying out transfer-agency activities) for the existence and implementation of effective internal policies and procedures corresponding to the nature, scale and complexity of the activity, as well as the size of the bank, banking conglomerate, insurance (reinsurance) company, insurance group, professional participant in the securities market;

4) assessing the adequacy of provisions (reserves) of a bank, an insurance (reinsurance) company, a professional participant in the securities market (except for organizations engaged in transfer-agency activities), insurance reserves calculated by an actuary licensed to carry out actuarial activities in the insurance market, including for the conformity of methods for their formation to the risks of a bank, an insurance (reinsurance) company, a professional participant in the securities market, as well as the reliability of the information used to generate them;

5) definitions of individuals who shall have been (jointly) major participants of the bank, insurance (reinsurance) organization, banking, insurance holdings.

3. The composition of the collegial body of the authorized body, specified in part one of paragraph 2 of this Article, shall be approved by the Board of the authorized body from among the Deputy Chairmen of the authorized body, heads of structural divisions of the authorized body. The meetings of the collegial body of the authorized body shall be chaired by one of the Deputy Chairmen of the authorized body.

A reasoned judgment shall be used by the authorized body in compliance with the principles of legality, validity, objectivity and a unified approach.

The reasoned judgment shall be based on information obtained within the framework of the authorized body exercising control and supervision over the activities of the persons specified in subparagraph 1) of paragraph 1 of this Article and other information received from individuals and legal entities, international organizations, state bodies, including foreign supervisory bodies and organizations, other available sources and which shall be essential for the formation of the reasoned judgment.

When forming a reasoned judgment, the authorized body shall take into account the explanations of the persons specified in paragraph 1 of this Article, if any.

The draft of a reasoned judgment shall be sent to the person specified in paragraph 1 of this Article. The person specified in paragraph 1 of this Article, within five working days, must submit a reasoned response on agreement or disagreement with the draft of a reasoned judgment to the authorized body. Non-submission of a reasoned response by the person specified in paragraph 1 of this Article within the established term shall be considered as agreement with the draft a reasoned judgment.

Based on the results of consideration of a reasoned response on disagreement with the draft of a reasoned judgment in case of its submission by the person specified in paragraph 1 of this Article, the authorized body shall determine the need to submit the draft of a reasoned judgment for consideration by the collegial body of the authorized body.

4. In case of disagreement with the supervisory response measure applied by the authorized body on the basis of a reasoned judgment, the person specified in paragraph 1 of this Article, within ten working days from the date of application of the supervisory response measure, shall have the right to submit his/her objections to the authorized body in written form.

The objections in relation to application of a supervisory response measure shall be considered at the meeting with participation of the Chairman of the authorized body or shall be submitted for consideration by the Board of the authorized body at the proposal of the Chairman of the authorized body.

In the event that a supervisory response measure applied on the basis of a reasoned judgment may lead to a decrease in prudential standards and other mandatory norms and limits below the established values, the objections received shall be considered by the Board of the authorized body. The representatives of the person specified in paragraph 1 of this Article shall have the right to participate in consideration of the objections.

The objections must be considered within ten working days from the date of their receipt. The term for consideration of objections can be extended once for a period of not more than ten working days.

Based on the results of consideration of the objections of the person specified in paragraph 1 of this Article, the authorized body shall send a written notification of reasonable disagreement with the objections or cancellation of the supervisory response measure applied by the authorized body.

The supervisory response measure applied on the basis of a reasoned judgment shall enter into force upon the expiration of the term specified in part one of this paragraph, or from the day of sending a written notification about reasonable disagreement with the objections in case of their submission to the person, specified in paragraph 1 of this Article.

The person specified in paragraph 1 of this Article shall have the right to appeal the supervisory response measure applied on the basis of a reasoned judgment in the court.

The authorized body shall be responsible for the decisions recognized as illegal, made on the basis of a reasoned judgment, in accordance with the Civil Code of the Republic of Kazakhstan.

5. The authorized body shall publish the generalized practice of applying supervisory response measures using reasoned judgment taking into account the requirements for confidentiality.

6. The procedure for formation and use of a reasoned judgment shall be determined by the regulatory legal act of the authorized body.

7. The requirements of this Article shall apply to branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan.

Footnote. The Law is supplemented with Article 13-5 in accordance with the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (for the procedure of entry into force, see Article 2); as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 13-6. Information security authority for financial institutions

In order to ensure the information security of financial institutions, the authorized body in the relevant areas shall:

1) approve the procedure for assessing the level of protection against information security threats;

2) approve the methodology for assessing information security risks, including the procedure for ranking financial institutions by the degree of exposure to information security risks;

3) approve the requirements for the competencies of managers and employees of information security departments, including requirements for advanced training of persons responsible for ensuring information security;

4) approve the requirements for information security incident response services, internal investigations of information security incidents;

5) ensure 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.

The requirements of this Article shall apply to branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan.

Footnote. Chapter 2 as added by the Article 13-6 in accordance with the Law of the RK dated 03.07.2019 № 262-VI (shall enter into force from 01.01.2021).

Article 14. Authority to receive and provide information

In order to ensure the qualitative and timely fulfillment of the functions of state regulation, control and supervision of the financial market and financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan, implementation of the requirements of this Law and other Laws of the Republic of Kazakhstan, the authorized body shall have the right to receive free of charge from any individuals and legal entities, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan, as well as state bodies, the necessary information, including information constituting an official, commercial, banking and other secret protected by the Law. At the same time, the information received shall not be subject to disclosure.

The authorized body shall provide the information specified in the second part of this Article to the National Bank of the Republic of Kazakhstan, including by providing it with access to the information systems of the authorized body.

State bodies, financial and other organizations, their associations (unions), as well as individuals, branches of non-resident banks of the Republic of Kazakhstan, branches of non-resident insurance (reinsurance) organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan shall be obliged to provide documents, reports, including financial, and, if necessary, other additional information necessary for the authorized body to perform its functions.

Employees of the authorized body shall be responsible for disclosure of information obtained in the course of their control and supervisory functions constituting an official, commercial, banking or other secret protected by the Law in accordance with the Laws of the Republic of Kazakhstan.

Footnote. Article 14 in the wording of the Law of the RK dated 03.07.2019 № 262-VI (the procedure of entry into force see Article. 2).

Article 14-1. Interaction of the authorized body with the National Bank of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan on the issues of stability of the financial system

The authorized body interacts with the National Bank of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan on the issues of stability of the financial system through:

- 1) informing each other about the proposed actions and the achieved results having national importance;
- 2) joint assessment of risk factors for financial stability;
- 3) development, adoption and implementation of a set of coordinated decisions in order to minimize systemic risk, prevent the occurrence of a financial crisis and minimize its consequences;
- 4) conclusion of an agreement on the issues of financial stability.

Footnote. The Law is supplemented with Article 14-1 in accordance with the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 15. Interaction of the authorized body with other state bodies of the Republic of Kazakhstan and bodies of other states, carrying out regulation, control and supervision of financial markets and financial organizations

Footnote. The title of Article 15 as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

1. An authorized body within the powers, provided to it by the legislative acts of the Republic of Kazakhstan, is independent in its activity. The state bodies shall not have a right to intervene into activity of the authorized body on implementation of its legislatively vested powers, except for the cases, provided by the legislative acts of the Republic of Kazakhstan.

2. The authorized body co-ordinates its activities with other state bodies within the competence provided for by the legislation of the Republic of Kazakhstan.

The authorized body shall provide information, obtained in accordance with international treaties of the Republic of Kazakhstan, to other state bodies of the Republic of Kazakhstan, as well as to organizations specified in paragraph 4 of article 61 of the Law of the Republic of Kazakhstan "On the National Bank of the Republic of Kazakhstan", on the terms stipulated in this article.

The authorized body provides information received in accordance with international treaties of the Republic of Kazakhstan, treaties that provide for the exchange of confidential information to other state bodies of the Republic of Kazakhstan only with the consent of the party that provided it with such information.

3. Is excluded by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

4. The authorized body cooperates with the control and supervisory bodies of other states, international and other organizations and has the right to exchange information constituting a trade secret on the securities market, bank secrets, insurance secrets or other secret protected the law, necessary for carrying out control and supervisory functions, on the basis and in accordance with the international treaty of the Republic of Kazakhstan, the contract providing for the exchange of confidential information with observance of confidentiality.

Other organizations specified in the first part of this paragraph shall be the Committee of the International Financial Center "Astana" on the regulation of financial services, the association of central banks, control and supervisory bodies of other states, created in order to develop unified standards for regulating the activities of the banking sector, the securities market and the insurance market.

Footnote. Article 15 as amended by the Laws of the Republic of Kazakhstan dated 28.12.2011 No. 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016); dated 03.07.2019 № 262 (shall be enforced from 01.01.2020); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Chapter 2-1. The procedure for organizing and carrying out control and supervision over the financial market and financial organizations and in the field of financial legislation of the Republic of Kazakhstan

Footnote. The Law is supplemented with chapter 2-1 in accordance with the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 15-1. Control and supervision over the financial market and financial organizations and in the field of financial legislation of the Republic of Kazakhstan

1. Control and supervision over the financial market and financial organizations and in the field of financial legislation of the Republic of Kazakhstan shall be performed by the authorized body and the National Bank of the Republic of Kazakhstan (hereinafter for the purposes of this chapter - control and supervision bodies) within their competence.

Control and supervision in the field of financial legislation of the Republic of Kazakhstan provide for the exercise by control and supervision bodies, within their competence, of control and supervision of compliance by financial organizations, their branches and affiliates, the Development Bank of Kazakhstan, legal entities operating in the securities market, and other entities of the securities market, issuers of securities, credit bureaus, bank holdings, banking conglomerates, large participants in banks, insurance holding companies, insurance

groups, large participants in insurance (reinsurance) organizations, an organization guaranteeing insurance payments, actuaries licensed to carry out actuarial activities in the insurance market, special financial companies, Islamic special financial companies, investment funds, large participants in investment portfolio managers, persons possessing the characteristics of a major participant in a bank, insurance (reinsurance) organization, investment portfolio manager, bank holding company, insurance holding company, professional organizations, collector agencies, participants of the payment system, operators and operational centers of payment systems, including any other person authorized under an agreement with them to provide services for the operation of the payment system, payment service providers, including any other person authorized under an agreement with them to perform functions to provide payment services, payment organizations, as well as persons carrying out currency transactions, temporary administrations (temporary administrators), liquidation commissions of banks, insurance (reinsurance) organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of non-resident insurance (reinsurance) organizations of the Republic of Kazakhstan, liquidation commissions of branches of non-resident banks of the Republic of Kazakhstan, branches of non-resident insurance (reinsurance) organizations of the Republic of Kazakhstan, branches of non-resident insurance brokers of the Republic of Kazakhstan (hereinafter referred to as the inspected entity) requirements established by the banking, currency legislation of the Republic of Kazakhstan, legislation of the Republic of Kazakhstan on insurance and insurance activities , payments and payment systems, social protection, securities market, accounting and financial reporting, credit bureaus and formation of credit histories, mail, Development Bank of Kazakhstan, microfinance activities, collector activities, Insurance Payment Guarantee Fund, countering laundering of money, obtained by criminal means, and financing of terrorism, on joint stock companies, investment and venture funds and other laws of the Republic of Kazakhstan, as well as rules for automation of accounting, approved by the National Bank of the Republic of Kazakhstan, identification of violations of the rights and legitimate interests of consumers of financial services, violations that pose a threat to national and economic security of the Republic of Kazakhstan, stability of its financial system, identifying shortcomings and (or) risks in the activities of financial organizations, banking conglomerates and (or) insurance groups.

2. Based on the control results, the control and supervision body in accordance with this Law and other Laws of the Republic of Kazakhstan and in the event that violations of the requirements of the legislation of the Republic of Kazakhstan, deficiencies and (or) risks in the activities of financial institutions, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan,

banking conglomerates and (or) insurance groups initiate administrative proceedings or apply other measures, including restrictive measures provided for by the Laws of the Republic of Kazakhstan.

Based on the results of supervision, the control and supervision body in accordance with this Law and other Laws of the Republic of Kazakhstan and in the event that violations of the requirements of the legislation of the Republic of Kazakhstan, deficiencies and (or) risks in the activities of financial institutions, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan, banking conglomerates and (or) insurance groups shall apply the measures stipulated by the Laws of the Republic of Kazakhstan, including restrictive measures, without initiating administrative proceedings.

3. The body for control and supervision shall carry out control and supervision in the forms of inspection and other forms in accordance with this Law and other laws of the Republic of Kazakhstan.

Footnote. Article 15-1 as amended by the Law of the RK dated 02.01.2021 № 399-VI (the procedure of entry into force see Article. 2); dated 20.04.2023 No. 226-VII (shall be enforced from 01.07.2023).

Article 15-2. Types of checks

1. The body for control and supervision, within its competence, shall independently or with involvement of other state bodies and (or) organizations conduct checks on the basis of the risk degree assessment, unscheduled and documentary checks of the activities of the audited subjects, either randomly or selectively on certain issues of their activities.

2. A check on the basis of a risk assessment is a check carried out within the competence by the body for control and supervision with a visit to the audited subject and appointed on the basis of the risk degree assessment in relation to the audited subject.

Check of a subject based on the risk degree assessment shall be carried out within the competence by the body for control and supervision no more than once a year.

The list of subjects to be checked shall be compiled within the competence by the body for control and supervision on a six-month basis, taking into account the assessment of risks associated with the activities of the checked subjects.

The list of subjects to be checked based on the risk degree assessment shall be approved within the competence by the head of the body for control and supervision or other authorized officials on the basis of the relevant order of the head of the body for control and supervision.

3. An unscheduled check shall be carried out within the competence by the body for control and supervision with a visit to the checked object in the following cases:

1) in connection with the receipt of applications from individuals and legal entities and requests from state bodies submitted in the manner established by the legislation of the

Republic of Kazakhstan, as well as receipt of other information on violations of the legislation of the Republic of Kazakhstan;

2) if violations of the requirements of the legislation of the Republic of Kazakhstan or deficiencies and (or) risks that may lead to the creation of a provision threatening the stable functioning of a financial institution, a branch of a non-resident bank of the Republic of Kazakhstan, a branch of a non-resident insurance (reinsurance) organization of the Republic of Kazakhstan, a branch of a non-resident insurance broker of the Republic of Kazakhstan, a banking conglomerate, an insurance group and (or) the interests of their clients are identified within the framework of monitoring and supervisory functions;

3) in the presence of a threat to the national and economic security of the Republic of Kazakhstan, the stability of its financial system;

4) in order to control the elimination of violations of the requirements of the legislation of the Republic of Kazakhstan revealed by the previous check;

5) if the bank is classified as a bank with an unstable financial position that creates a threat to the interests of its depositors and creditors and (or) a threat to the stability of the financial system, and (or) the bank is classified as an insolvent bank;

6) if a branch of a non-resident bank of the Republic of Kazakhstan is classified as a branch of non-resident banks of the Republic of Kazakhstan with an unstable financial situation that poses a threat to the interests of its depositors and creditors and (or) a threat to the stability of the financial system.

An unscheduled check may simultaneously cover the activities of several subjects on the issues of their compliance with certain requirements of the legislation of the Republic of Kazakhstan.

4. Documentary check shall be carried out within the competence of the body for control and supervision without visiting the inspected subject in the form of a request for the documents and information when signs of violations of the requirements of the legislation of the Republic of Kazakhstan are revealed in the process of analyzing administrative data or in connection with receipt of applications from individuals, legal entities and state bodies and other information requiring check of compliance with the legislation of the Republic of Kazakhstan on the issues related to the competence of the body for control and supervision.

Footnote. Article 15-2 as amended by the Law of the RK dated 02.01.2021 № 399-VI (shall enter into force from 16.12.2020).

Article 15-3. The general procedure for organizing and conducting a check based on the risk degree assessment, unscheduled check

1. Check based on the risk degree assessment and unscheduled check shall be carried out within the competence by the body for control and supervision on the basis of the act on

appointment of a check, approved by the deputy head of the body for control and supervision, heads of territorial divisions of the body for control and supervision or other authorized officials on the basis of an appropriate order.

In cases of appointment of a check on the basis of the risk degree assessment or an unscheduled check, the acts on appointment of a check shall be recorded in the journal of registration of acts on appointment of a check. The subdivisions of the bodies for control and supervision, within their competence, shall keep separate journals of registration of acts on appointment of a check.

The body for control and supervision, within its competence, shall register an act on appointment of a check in the authorized body for legal statistics and special accounting no later than two working days after the start of the check.

The act on appointment of the check shall indicate:

- 1) the number and date of the act;
- 2) the surname, initials and position of the inspectors, as well as the persons entrusted with the supervision of the check;
- 3) the name of the audited subject, in respect of which the check is assigned, its location;
- 4) type of check;
- 5) the issues to be checked;
- 6) the term of the check;
- 7) the checked period.

2. The start of the check based on the risk degree assessment, an unscheduled check shall be the date of delivery of a copy of the act on appointment of the check to the head (his/her deputy) of the audited subject. After handing over a copy of the act on appointment of the check to the audited subject, a mark on the receipt and familiarization with the act on appointment of the check shall be put on its original.

In case of refusal to accept the act on appointment of the check or obstructing the access of officials of the body for control and supervision, carrying out the check to the materials necessary for the check, an appropriate act shall be drawn up, which is signed by the official of the body for control and supervision carrying out the check. If the employee of the audited subject refuses to accept the act on appointment of the check, a corresponding note shall be made in it. Refusal to receive an act on appointment of the check shall not be a basis for canceling a check. In cases of refusal of the audited subject to provide documents, information within the terms specified in the requests of the checked group, non-fulfillment the conditions of this Article, which resulted in the impossibility of conducting the check within the established terms, the check shall be considered to have failed by the decision of the head of the check in agreement with the official authorized to approve the act on appointment the check.

When a copy of the act on the appointment of a check is handed over to an employee of the checked subject or its founder (one of the founders), a copy of the act on appointment of

the check with a mark on its receipt by the head (his/her deputy) of the checked subject must be submitted to the officials of the body for control and supervision within two working days from the date of delivery of the act on appointment of the check.

If it is impossible to deliver a copy of the act on appointment of the check to an employee of the checked subject or its founder (one of the founders), it shall be sent by registered mail with notification at the place of registration of the checked subject and (or) its head (his/her deputy). If the letter is returned and it is impossible to deliver the act on appointment of the check within the terms, established for its conduct, the check shall be considered to be invalid. In this case, the head of check shall notify the official, authorized to approve the act on appointment of the check in written form.

3. The audited subject, no later than the next day after the start of the check, shall submit a letter addressed to the head of the check or the employee of the body for control and supervision, containing data on:

1) the head responsible for ensuring the conduct of the check, as well as for familiarization and signing of the act on completion of the check, the intermediate act and (or) the act on the results of the check, and the person replacing him/her;

2) the specialists of the audited subject responsible for preparation of the necessary documents (information), their timely transfer to the auditing employees and (or) receiving intermediate acts from the auditing employees.

4. The period of inspection based on risk assessment and unscheduled inspection shall not exceed thirty working days. Due to the significant scope of the audit, the time frame for the risk-based audit, unscheduled inspection can be extended on the basis of an additional act on the extension of the inspection, approved by the deputy head of the control and supervision body, heads of territorial divisions of the control and supervision body or other authorized officials on the basis of the relevant order, only once for a period of not more than thirty working days, and with respect to a bank, a branch of a non-resident bank of the Republic of Kazakhstan, classified as a bank, branches of non-resident banks of the Republic of Kazakhstan with an unstable financial situation that threatens the interests of its depositors and creditors and (or) threat to the stability of the financial system, or to the category of insolvent banks, branches of non-resident banks of the Republic of Kazakhstan, for a period of more than thirty working days.

5. The audited subject shall be obliged to provide the checking employees with permission to enter their administrative buildings (including on holidays and weekends), a separate room for work equipped with office equipment and long-distance communication, provide access to information related to the activities of the subject being checked, including automated systems and databases in real time without the possibility of correcting data (in viewing mode with the possibility of displaying data on paper), provide the checking

employees with the ability to make copies of the necessary documents, including in electronic form, as well as provide explanations (oral and written) to the questions of the checking employees and assist the checking employees in completing the check in a timely manner.

The requirements of part one of this paragraph in terms of the obligation to provide a separate room for work, equipped with office equipment and long-distance communication, do not apply to the audited subjects that are subjects of small entrepreneurship.

6. Checking employees shall send written requests to the head of the audited subject, the head responsible for ensuring the conduct of the check, or other authorized employee of the audited subject, which are subject to execution within the specified terms.

The audited subject shall be obliged to submit all the necessary information and documents, including their copies, for attachment to the materials of check on the day of receipt of the request from the checking employees, or within the terms, established in the request.

7. When replacing a checking employee (changing the composition of the checking group), an additional act shall be drawn up, which indicates the number and date of the previously drawn up act on appointment of the check and the basis for replacing the checking employee (changing the composition of the checking group).

8. The date of completion of the check based on the risk degree assessment, an unscheduled check shall be the date of delivery of the act on completion of the check to the audited subject entity. The act on completion of the check based on the risk degree assessment, an unscheduled check shall be signed by the head of the check and his/her immediate supervisor and handed over to the audited subject no later than the end of the term of conducting the check, specified in the act on appointment of the check.

Footnote. Article 15-3 as amended by the Law of the RK dated 02.01.2021 № 399-VI (shall enter into force from 16.12.2020).

Article 15-4. Features of conducting a documentary check

1. A documentary check does not require an act of appointment.

2. In case of documentary check, in order to clarify additional circumstances, a request signed by an authorized official shall be sent to the audited subject, which indicates:

- 1) the name of the audited subject, its location;
- 2) the basis for documentary check;
- 3) a list of documents that the audited subject shall be obliged to submit to the body for control and supervision;
- 4) the term for submission of the requested materials;
- 5) information requiring explanations from the audited subject, if necessary.

3. The audited subject shall submit the requested documents and explanations no later than fifteen working days from the date of receipt of the request, unless otherwise specified in the request.

4. Completion of a documentary check shall be the date of signing of the conclusion on its results by the authorized official, which does not require signing by the audited subject

.Article 15-5. Other issues of checks

1. Checking employees of the body for control and supervision, if necessary, shall draw up intermediate acts, which are presented to the audited subject for familiarization

2. The audited subject, within two working days from the date of receipt of the intermediate act, shall return one copy of the intermediate act, signed by the head (his/her deputy) or the head responsible for ensuring the conduct of the check, and, if there are any comments on the content of the intermediate act, shall submit his/her written objections to the head of the check.

The conclusions set out in the intermediate acts shall be preliminary and can be revised in the act on the results of the check, taking into account the objections received from the audited subject and additional information, including from third parties.

3. Within thirty working days from the date of the end of the check, based on the risk degree assessment, an unscheduled check, two copies of the act on the results of the check, signed by the checking employees of the body for control and supervision, the head of the check and his/her immediate supervisor shall be sent to the head of the audited subject.

The following information shall be indicated in the act on the results of the check:

- 1) the date and place of drawing up the act;
- 2) the name of the body that conducted the check;
- 3) the date and number of the act on the appointment of the check, on the basis of which the check was conducted;
- 4) the surname, initials and position of the person (s) who conducted the check (s);
- 5) the name of the audited subject, its location, business identification number (if any), surname, first name, patronymic (if any) of the head of the audited subject or his/her representative;
- 6) the place and period of conducting the check;
- 7) information about the results of the check, including the violations revealed;
- 8) information about familiarization of the head (his/her deputy) or the head responsible for ensuring the conduct of the check of the audited subject, or another person specified in paragraph 7 of this Article, with the act on the results of the check;
- 9) the signature of the official (s) who conducted the check.

The act on the results of the check may be accompanied by the necessary documents, information or their copies related to the results of the check.

4. The head (his/her deputy) or the head responsible for ensuring the conduct of the check of the audited subject shall accept the first copy of the act on the results of the check, endorse each sheet of the second copy of the act, indicate on its last sheet a mark on the date of receipt indicating the position, surname, name patronymic (if any) and no later than the next day after

receiving the act on the results of the check, send it to the body for control and supervision. The results of the check, set out in the act on the results of the check, shall be brought by the audited subject to the attention of the executive and other management bodies of the audited subject.

5. If there are objections to the results of the check, the audited subject shall submit them to the body for control and supervision in writing within ten working days from the date of receipt of the act on the results of the check.

6. The results of the check of the audited subject, set out in the act on the results of the check based on the risk degree assessment, an unscheduled check, if necessary, shall be considered at a meeting chaired by the head of the body for control and supervision (his/her deputies), heads of departments of the body for control and supervision, persons who entrusted with the leadership of the check, with invitation of the heads of the audited subject.

The results of the meeting shall be drawn up in a protocol signed by the Chairman of the meeting, and within five working days from the date of signing shall be sent to the head of the audited subject for familiarization. If there are objections, the audited subject shall submit them in writing to the body for control and supervision within three working days from the date of receipt of the protocol of the meeting.

If the body for control and supervision disagrees with the objections of the audited subject to the protocol of the meeting, the final decision shall be made by the head of the body for control and supervision or his/her deputy and brought to the attention of the head of the audited subject.

7. The act on the results of the check based on the risk degree assessment, an unscheduled check by the audited subject shall be signed by the head, his/her deputy or the head responsible for ensuring the conduct of the check.

In the absence of the head of the audited subject, his/her deputy or the head responsible for ensuring the conduct of the check, an act on the results of the check based on the risk degree assessment, an unscheduled check by the audited subject may be signed by its founder (one of the founders) or another employee acting on behalf of the audited subject, including on the basis of an appropriate order and (or) the power of attorney.

8. In cases of absence of the persons specified in paragraph 7 of this Article, and impossibility of delivering them an act on the results of the check for signing, the act on the results of the check shall be considered executed from the date of signing the act on the results of the check by the checking persons.

9. The results of the check shall be used exclusively for the purpose of performing its functions within its competence by the body for control and supervision.

10. The act on the results of the check based on the risk degree assessment, an unscheduled check cannot be used by the audited subject to confirm its financial solvency for

advertising or other purposes, as well as transferred without the consent of the body for control and supervision to third parties, except for cases provided for by the laws of the Republic Kazakhstan.

11. If there is a discrepancy between the documentary data of financial and other reports submitted by the audited subject to the body for control and supervision, with the information provided in the act on the results of the check based on the risk degree assessment, an unscheduled check, the audited subject, at the direction of the body for control and supervision, shall bring its reports to compliance with the actual data specified in the act on the results of the check, including for the previous reporting dates.

12. The audited subject, within the term established by the body for control and supervision, shall submit for approval an action plan with planned measures, responsible executors and deadlines for eliminating violations and deficiencies identified during the check

After agreeing on the action plan with the body for control and supervision, the audited subject shall submit the reports on elimination of violations and deficiencies or explanations about the reasons for non-fulfillment of the obligations assumed under the action plan.

13. Violation by the audited subject of the requirements, specified in part four of paragraph 2, paragraphs 3, 5 and 6 of Article 15-3, paragraph 3 of Article 15-4 of this Law, as well as in paragraphs 2, 4 and 12 of this Article, shall be the basis for application of limited measures of influence, measures of supervisory response and sanctions provided for by the laws of the Republic of Kazakhstan to the audited subject or its head.

14. The employees of the body for control and supervision shall be prohibited from disclosing or transferring of information obtained during the check of activities of the audited subject to third parties.

15. Persons carrying out the check shall be responsible for the disclosure of information obtained during the check of activities of the audited subject and constituting a secret protected by the Law, in accordance with the laws of the Republic of Kazakhstan.

Article 15-6. Other forms of control and supervision

1. The authorized body shall carry out other forms of control and supervision by:

1) analysis of information and reporting provided in accordance with the requirements of the legislation of the Republic of Kazakhstan;

2) remote supervision, including on a consolidated basis, in relation to financial organizations, their large participants, bank and insurance holdings, organizations included in the banking conglomerate and insurance group, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan, an organization guaranteeing the implementation of insurance payments, in accordance with the procedure established by the Laws of the Republic of Kazakhstan;

3) consideration, within the competence established by the legislation of the Republic of Kazakhstan, of documents on the approval, issuance and revocation of permits, consents, licensing, registration of securities issuances, approval of reports on the results of placement (redemption) of securities, cancellation of securities issuances provided for by the laws of the Republic of Kazakhstan, information about affiliated persons;

4) consideration within the competence established by the legislation of the Republic of Kazakhstan of documents provided for by regulatory legal acts regulating the procedure for notifying the authorized body of the approval of financial products by financial organizations, branches of the non-resident bank of the Republic of Kazakhstan, branches of the insurance (reinsurance) organization - non-resident of the Republic of Kazakhstan, as well as the list of documents attached to the notification, the procedure for notifying the authorized body of the approval of microcredit services by organizations engaged in microfinance activities, as well as the list of documents attached to the notification;

5) inspection of the security system and compliance with the requirements for premises, electronic and other equipment of participants in the credit history system and the insurance database;

6) sending their representative to financial organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan in the cases and procedure established by the Laws of the Republic of Kazakhstan;

7) monitoring of issuers of equity securities for compliance with the requirements established by the legislation of the Republic of Kazakhstan on joint stock companies and the securities market, in the manner prescribed by the laws of the Republic of Kazakhstan;

8) consideration of reports and other information submitted by interim administrations (interim administrators), liquidation commissions of banks, insurance (reinsurance) organizations and liquidation commissions of branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations of the Republic of Kazakhstan;

9) the appointment and release of the chairman and members of the liquidation commissions, taking into account the branches and representative offices of the forcibly liquidated bank, the insurance (reinsurance) organization, the liquidation commissions forcibly terminating the activities of the branch of the non-resident bank of the Republic of Kazakhstan, the branch of the non-resident insurance (reinsurance) organization of the Republic of Kazakhstan;

10) approval of the interim liquidation balance and the register of creditors' requirements of the forcibly liquidated bank, the insurance (reinsurance) organization forcibly terminating the activities of the branch of the non-resident bank of the Republic of Kazakhstan, the branch of the non-resident insurance (reinsurance) organization of the Republic of Kazakhstan, the

composition of the committee of creditors voluntarily or forcibly liquidated banks, insurance (reinsurance) organizations, voluntarily or forcibly terminating the activities of the branch of the non-resident bank of the Republic of Kazakhstan, the branch of the insurance (reinsurance) organization- non-resident of the Republic of Kazakhstan;

11) approval of the report on liquidation and the liquidation balance sheet of the forcibly liquidated bank, insurance (reinsurance) company;

11-1) approval of a report on liquidation of a non-resident bank branch of the Republic of Kazakhstan, a branch of a non-resident insurance (reinsurance) organization of the Republic of Kazakhstan;

12) holding meetings and discussions of the audited subjects based on the results of control and supervision of their activities;

13) assessment (analysis) of the financial and property status of a bank classified as a bank with an unstable financial position, which creates a threat to the interests of its depositors and creditors and (or) a threat to the stability of the financial system, category of insolvent banks, including with involvement of appraisers, audit organizations and other persons and (or) visiting the bank;

14) approval of the report of the provisional administration (temporary administrator) of the bank, insurance (reinsurance) organization on the work performed;

15) consideration of calculations of indicators characterizing the compliance with prudential standards, other indicators and criteria (standards) by the organizations carrying out microfinance activities

16) analysis of the activities of collection agencies for compliance with the requirements of the legislation of the Republic of Kazakhstan on collection activities, as well as analysis of information, documents and materials of audio and (or) video recording (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 "On Collection Activities";

17) maintaining a register of collection agencies;

18) monitoring advertising of financial institutions.

2. The National Bank of the Republic of Kazakhstan shall carry out other forms of control and supervision by:

1) analysis of information and reporting provided in accordance with the requirements of the legislation of the Republic of Kazakhstan;

2) consideration, within the competence established by the legislation of the Republic of Kazakhstan, of documents on the issues of issuance and revocation of permits, licensing, provided for by the laws of the Republic of Kazakhstan;

3) inspection of exchange offices of authorized organizations for compliance with qualification requirements;

3-1) inspection of the premises of legal entities whose exclusive activity shall be the collection of banknotes, coins and valuables for compliance with qualification requirements;

- 4) giving to the agents of currency control of instructions mandatory for their execution in order to properly carrying out currency control;
- 5) holding meetings and discussions of the audited subjects based on the results of control and supervision of their activities;
- 6) analysis and assessment of functioning of payment systems, as well as services provided by the providers of payment service;
- 7) examination of the participants of systemically important payment systems for compliance with the requirements for organizational measures and software and hardware means, providing the access to payment systems, as part of carrying out monitoring for systemically important payment systems;
- 8) maintaining the registers of payment systems, payment organizations, significant providers of payment services.

Footnote. Article 15-6 as amended by the Law of the RK dated 03.07.2020 № 359-VI (shall enter into force from 01.01.2021); dated 02.01.2021 № 399-VI (shall enter into force from 16.12.2020); dated 24.05.2021 № 43-VII (shall enter into force upon the expiry of ten calendar days after the day of its first official publication); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 15-7. Remote supervision

1. Remote supervision shall be one of other forms of control and supervision and be carried out by the authorized body within its competence in relation to financial organizations , their large participants, bank and insurance holdings, organizations included in the banking conglomerate and insurance group, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, branches of insurance brokers - non-residents of the Republic of Kazakhstan, an organization guaranteeing the implementation of insurance payments (hereinafter referred to as the remote supervision entities).

2. Remote supervision shall be carried out by the authorized body on a permanent basis by analyzing the activities of the subjects of remote supervision and interaction with the bodies of the subjects of remote supervision in the purpose of:

1) control and supervision over compliance with the banking legislation of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan on insurance and insurance activities, social protection, the securities market, accounting and financial reporting, mail, the Development Bank of Kazakhstan, investment and venture funds;

2) identifying the factors affecting the deterioration of financial situation of financial organizations, identifying and assessing existing and potential risks, the degree of their impact on sustainable activities of the subjects of remote supervision.

3. Analysis of the activities of the subjects of remote supervision shall be carried out by the authorized body on the basis of reports submitted by the subjects of remote supervision, and other information, including information obtained within the framework of interdepartmental and international cooperation.

4. Within the framework of remote supervision, the authorized body shall have the right to request from the remote supervision subjects and their officials in writing the information and documents, including financial statements and materials of meetings (including those held in absentia) of the bodies of the remote supervision subjects.

The subjects of remote supervision shall be obliged to submit the information and documents specified in the request of the authorized body within the terms established by the authorized body.

Footnote. Article 15-7 as amended by the Law of the Republic of Kazakhstan dated 20.04.2023 No. 226-VII (shall be enforced from 01.07.2023).

Article 15-8. Risk-oriented approach within the framework of control and supervision

1. The authorized body shall apply a risk-oriented approach within the framework of control and supervision over the activities of banks, banking conglomerates, organizations engaged in certain types of banking operations, insurance (reinsurance) organizations, insurance groups, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan, organizations engaged in brokerage and (or) dealer activities in the securities market, activities to manage the investment portfolio.

The main objectives of the risk-oriented approach shall be to identify and prevent risks and deficiencies in the activities of the persons specified in the first part of this paragraph, in order to intervene early and take timely supervisory actions to ensure their financial stability and prevent an increase in risks in their activities.

The risk-oriented approach shall be based, among other things, on motivated judgment formed on the basis of quantitative and qualitative analysis of the activities of the persons specified in the first part of this paragraph, analysis of their risk management and internal control systems, including analysis and assessment of the business model, corporate governance, counteraction to legalization (laundering) of proceeds from crime and the financing of terrorism, capital level and liquidity to cover risks, an assessment of internal procedures for determining the required level of equity and liquidity, as well as an analysis and assessment taking into account the nature and scale of the activities of the persons specified in the first part of this paragraph.

2. Risk-oriented approach within the framework of control and supervision over the activities of the persons specified in part one of paragraph 1 of this Article takes into account the principle of proportionality, which implies:

taking into account the size, significance, nature, scale and complexity of their activities;

categorization according to their importance in the financial market;
determination of frequency, depth and intensity of control and supervision.

3. The authorized body, based on the results of control and supervision on the basis of a risk-oriented approach, shall notify the persons specified in part one of paragraph 1 of this Article, on the identified risks and deficiencies and apply supervisory response measures and (or) sanctions in accordance with the laws of the Republic of Kazakhstan.

4. The procedure for applying the risk-oriented approach within the framework of control and supervision over the activities of the persons specified in part one of paragraph 1 of this Article shall be determined by the legal act of the authorized body, shall be the confidential information and not subject to publication in the media.

Article 15-9. The task, functions, rights and obligations of the representative

1. In order to perform control and supervisory functions, the authorized body shall send its representative, who is appointed by the authorized body from among its employees, to banks, bank holdings, organizations engaged in investment portfolio management activities, insurance (reinsurance) organizations, insurance holdings, an organization guaranteeing insurance payments to insurers (insured, beneficiaries) in case of liquidation of insurance organizations.

The number of representatives in the organizations specified in part one of this paragraph shall be determined by the authorized body.

2. The representative in his/her activity shall be guided by this Law, regulatory legal acts of the authorized body and other legislation of the Republic of Kazakhstan.

3. The authorized body shall have the right to replace its representative at any time in the organizations specified in part one of paragraph 1 of this Article.

4. The main task of the representative is to ensure the implementation of control and supervisory functions of the authorized body.

5. The representative, in order to implement the tasks assigned to him/her, shall perform the following functions:

- 1) analyzes the financial status of the organization in which he/she is a representative;
- 2) controls compliance with regulatory legal acts, requests, instructions, requirements of the authorized body;
- 3) makes proposals for conducting a check in the organization in which he/she is a representative;
- 4) is present as an observer at the meetings of the Board, Board of directors, permanent or temporary acting commissions (committees, working groups) of the organization in which he/she is a representative;
- 5) is present at the general meeting of shareholders (participants) of the organization in which he/she is a representative, as an observer without the right to vote and express an opinion on the issues of the general meeting agenda of shareholders (participants).

6. The representative shall have the right to:

1) request from the organization, in which he/she is a representative, and (or) its officials, in oral and written form, the information and documents, including financial statements and materials of meetings (including those held in absentia) of bodies, in order to perform the functions assigned to him/her;

2) have access to automated systems and databases without the possibility of correcting data (in viewing mode).

7. The representative shall be obliged to:

1) inform the authorized body about non-submission or untimely submission by the organization in which he/she is a representative of the information and documents requested by him, the facts of obstruction of the representative of the authorized body from performing his/her functions, bribery, threat or other unlawful influence on him/her by this organization;

2) perform other functions on behalf of the authorized body on the issues specified in the decision of the authorized body on sending its representative to the organization specified in part one of paragraph 1 of this Article.

8. The organizations specified in part one of paragraph 1 of this Article shall be obliged to :

1) assist the representative in performance of his/her functions;

2) ensure the possibility of full and timely provision of information to the representative by officials and employees of the organizations specified in part one of paragraph 1 of this Article, and access to all sources of information;

3) submit all the necessary information and documents on the day of receipt of the request from the representative or within the terms established in the request and agreed with them;

4) provide access to information related to their activities, including automated systems and databases, without the possibility of correcting data (in viewing mode);

5) provide the representative with the copies of documents necessary to perform the functions assigned to him/her.

9. The representative shall be responsible for the disclosure of information obtained in the course of carrying out control and supervisory functions, constituting official, commercial, banking secrets, secrets of pension savings, insurance or other secrets protected by law, in accordance with the laws of the Republic of Kazakhstan, including after termination of work in the authorized body.

The representative cannot be employed by the organization in which he/she was a representative within one year after the termination of work in the authorized body.

The representative shall not be responsible for the results and decisions taken (adopted) during the meetings of the bodies of the organization in which he/she is or was a representative.

10. The requirements of this Article shall apply to branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) organizations - non-residents of the Republic of Kazakhstan.

Footnote. Article 15-9 as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 15-10. Monitoring of issuers of non-government equity securities

1. Monitoring of issuers of non-state equity securities shall be carried out by the authorized body for compliance with the requirements of the legislation of the Republic of Kazakhstan on the securities market and on joint stock companies:

1) when carrying out state registration of an issuance of non-state equity securities, registration of changes and (or) additions to the prospectus for the issuance of non-state equity securities, approval of a report on the results of placement or redemption of non-state equity securities and a report on the exchange of placed shares of a joint-stock company of one type for the shares of this joint stock company of another type;

2) on disclosure of information on their activities by the issuers of non-state equity securities.

2. Monitoring of the issuers of non-state equity securities shall be carried out by the authorized body on the basis of information provided by the issuers of non-state equity securities, and other information, including that obtained within the framework of interdepartmental and international cooperation.

3. Within the framework of conducting the monitoring of the issuers of non-state equity securities, the authorized body shall have the right to request from the issuers of non-state equity securities and their officials, in writing, the information and documents, including financial statements and materials of meetings (including those held in absentia) of the bodies of issuers of non-state equity securities.

The issuers of non-state equity securities shall be obliged to submit the information and documents requested by the authorized body within the terms established by it.

Chapter 2-2. Employees of the authorized body

Footnote. The Law was supplemented with Chapter 2-2 in accordance with the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 15-11. Composition of positions of employees of the authorized body

The employees of the authorized body shall be the persons, not related to administrative state and civil servants, holding the positions in the authorized body.

The remuneration of employees of the authorized body shall be made at the expense of budgetary funds in accordance with the unified system of remuneration of employees for all bodies approved by the Government of the Republic of Kazakhstan in agreement with the President of the Republic of Kazakhstan.

The positions composition of employees of the authorized body includes the following positions:

- 1) political civil servants;
- 2) employees of the authorized body;
- 3) technical employees of the authorized body.

The employees of the authorized body shall be the persons, not related to civil servants, carrying out official powers in the authorized body aimed at implementing the tasks and functions of the state.

Official powers are understood as the rights and obligations provided for by a specific civil service position of employees of the authorized body that meets the goals and objectives of the authorized body.

The list of positions of employees of the authorized body shall be approved by the President of the Republic of Kazakhstan.

Technical employees of the authorized body shall be the persons, not related to civil servants, performing labor duties on maintaining and ensuring the functioning of the authorized body.

The list of positions of technical employees shall be approved by the Chairman of the authorized body.

The labor of employees of the authorized body shall be regulated by the Labor Code of the Republic of Kazakhstan with the features established by this Law, as well as other regulatory legal acts of the Republic of Kazakhstan and acts of the authorized body.

Article 15-12. Termination of an employment contract with the employees of the authorized body

Termination of an employment contract with the employees of the authorized body shall be made on the following grounds:

- 1) provided for by the Labor Code of the Republic of Kazakhstan;
- 2) reaching the retirement age established by the Law of the Republic of Kazakhstan, with the right to annually extend the period of their stay in the authorized body;
- 3) negative results of a special check for compliance with the legislation of the Republic of Kazakhstan on combating corruption;
- 4) presentation of knowingly false information about their income and property;
- 5) non-compliance with anti-corruption obligations and restrictions established by this Law and the Law of the Republic of Kazakhstan "On Combating Corruption";
- 6) non-transfer to trust management of shares belonging to investment funds, bonds and shares of commercial organizations;

7) submission, upon admission to the authorized body, of knowingly false documents or information that could be grounds for refusal to hire;

8) negative results of certification;

9) other grounds provided for by the laws of the Republic of Kazakhstan.

Upon termination of an employment contract on the basis of a reduction in the number or staff of employees of the authorized body, an employee of the authorized body holding a reduced position shall be paid severance pay in the amount of four average monthly salaries, provided that the work experience is at least three years.

Article 15-13. Rights and obligations of the employees of the authorized body

1. The employees of the authorized body shall have the right:

1) to enjoy the rights and freedoms that are guaranteed to the citizens of the Republic of Kazakhstan by the Constitution and the Labor Code of the Republic of Kazakhstan;

2) to participate, within the limits of their powers, in consideration of issues and adoption of decisions on them, demand their execution by the relevant bodies and officials;

3) to receive, in the prescribed manner, the information and materials necessary for performance of official duties;

4) to visit organizations in the manner prescribed by the laws of the Republic of Kazakhstan for performance of official duties;

5) to demand the precise definition of the tasks and scope of official powers in accordance with the position held by the employees of the authorized body from the head;

6) to respect for personal dignity, fair and respectful attitude towards oneself by managers, other individuals and officials;

7) for training and advanced training at the expense of budgetary funds;

8) to get acquainted freely with the materials that relate to their official powers, and, if necessary, give personal explanations;

9) for promotion, taking into account qualifications, abilities, conscientious performance of their official powers;

10) to demand an official investigation in the presence of groundless, in the opinion of the employee, accusations;

11) to engage in pedagogical, scientific and other creative activities.

2. The employees of the authorized body shall be obliged to:

1) comply with the Constitution and legislation of the Republic of Kazakhstan;

2) take the oath in the manner determined by the act of the authorized body;

3) ensure the observance and protection of the rights, freedoms and legal interests of individuals and legal entities, consider, in the manner and terms established by the legislation of the Republic of Kazakhstan, the appeals of individuals and legal entities, take necessary measures on them;

4) carry out powers within the rights granted to them and in accordance with official duties;

5) execute orders and regulation of managers, decisions and instructions of higher bodies and officials, issued within their powers;

6) keep secret the information received during the performance of official duties affecting the personal life, honor and dignity of individuals, and not require them to provide such information, except for the cases provided for by the legislation of the Republic of Kazakhstan;

7) ensure the safety of state property;

8) inform immediately the management or law enforcement agencies about the cases of corruption offences that have become known to them;

9) improve their professional level and qualifications for the effective performance of official powers;

10) not to disclose to third parties official, commercial, banking secrets, secrets of insurance, pension savings and other secrets protected by law, as well as other information in any form accessible to perception on any type of media received in performance of his/her official powers, including information received when working with automated information subsystems (if there is an access to them), except for the cases provided for by the laws of the Republic of Kazakhstan;

11) transfer to trust management and submit to the personnel service of the authorized body a copy of a notarized contract of trust management of the belonging shares of investment funds, bonds and shares of commercial organizations within one month from the date of holding the position of an employee of the authorized body.

3. The employees of the authorized body shall not be entitled to purchase the shares of investment funds, bonds and shares of commercial organizations.

3-1. Within one year after the termination of work in the authorized body, an official of the authorized body cannot be hired by a commercial organization, if in the last year before the termination of work in the authorized body during the period of performance of its official powers, the specified person, by virtue of his official powers, directly performed control functions in the form of inspections of this commercial organization or the activities of this commercial organization were directly connected with the specified official of the authorized body in accordance with its official powers.

4. The employees of the authorized body, in case of carrying out the checks of activities of the audited subjects by virtue of their official powers, shall be obliged to immediately inform the higher management of all circumstances that may hinder the clear and impartial performance of their official powers, including:

1) close relatives (cousins-in-law), spouses who are executives of the audited subjects;

2) close relatives or spouses working in the audited subjects;

3) loans received in the audited subjects and other property obligations to the audited subjects.

Footnote. Article 15-13 as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 15-14. Responsibility of the employees of the authorized body

1. The employees and technical employees of the authorized body shall be liable in accordance with the Labor Code of the Republic of Kazakhstan for non-fulfillment and improper fulfillment of the assigned duties and labor discipline.

2. Disciplinary sanction:

1) shall be imposed by an official, having the right to appoint and dismiss an employee of the authorized body who is brought to disciplinary responsibility;

2) cannot be imposed repeatedly for the same offence;

3) shall be imposed in the manner determined by the act of the authorized body.

3. The employees of the authorized body who have committed a disciplinary offence may be temporarily suspended from the performance of official duties by an official, having the right to appoint and dismiss them, until the issue of responsibility is resolved in the established manner.

4. Officials and technical employees of the authorized body must be familiarized with all materials related to disciplinary proceedings, they shall be given the right to personally participate in the official investigation procedure.

5. Actions and decisions of the authorized body may be appealed in the court by the employees and technical employees of the authorized body brought to justice.

6. The employees and technical employees of the authorized body, in the event of their committing criminal and other offences, shall bear respectively criminal, administrative, material liability on the grounds and in the manner established by the laws of the Republic of Kazakhstan.

7. The authorized body shall provide legal protection to its employees, members of the Management Board, including former employees and members of the Management Board, and persons engaged by it in case of filing claims against them in connection with actions (inaction), decision-making in order to carry out the functions assigned to the authorized body, including during the performance of their duties by members of temporary administrations and liquidation commissions of banks, insurance (reinsurance) organizations, branches of non-resident banks of the Republic of Kazakhstan, branches of insurance (reinsurance) non-resident organizations of the Republic of Kazakhstan.

Footnote. Article 15-14 as amended by the Law of the RK dated 02.01.2021 № 399-VI (shall enter into force from 16.12.2020).

Article 15-15. Vacations of employees of the authorized body

1. Employees of the authorized body shall be provided with paid annual vacation of thirty calendar days with payment of benefits for health improvement in the amount of two official salaries.

Paid annual vacation for the employees of the authorized body for the first and subsequent years of work shall be provided at any time of the working year by an agreement of the parties.

2. At the request of the employees of the authorized body, annual paid vacation may be provided to them in parts. In this case, one of the parts of the paid annual labor vacation must be at least two calendar weeks of the vacation duration.

3. The employees of the authorized body may be granted unpaid vacation in accordance with the procedure established by the labor legislation of the Republic of Kazakhstan, including in the case of their training within the framework of the state order for postgraduate education programs.

Article 15-16. Guarantees and compensations to the employees of the authorized body during business trips

1. Employees of the authorized body shall be reimbursed for expenses on business trips, including to foreign countries, in the manner determined by the Government of the Republic of Kazakhstan.

2. The place of work (position) and the average salary shall be reserved for the seconded employees of the authorized body during the entire time of the business trip.

Article 15-17. Check of the activity of the authorized body

Check of the activity of the authorized body by state bodies shall be carried out with the consent or by order of the President of the Republic of Kazakhstan.

Chapter 3. Final provisions

Article 16. Responsibility of violation of the legislation of the Republic of Kazakhstan on the state regulation, control and supervision of financial market and financial organizations

Violation of the legislation of the Republic of Kazakhstan on the state regulation, control and supervision of financial market and financial organizations shall entail responsibility, established by the Laws of the Republic of Kazakhstan.

Footnote. Article 16 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 16-1. Reorganization and abolition of the authorized body

Reorganization and abolition of the authorized body shall be carried out in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Chapter 3 is supplemented with Article 16-1 in accordance with the Law of the Republic of Kazakhstan dated 03.07.2019 № 262 (shall be enforced from 01.01.2020).

Article 17. The order of enforcement of this Law

This Law shall be enforced from 1 January, 2004.

The President
of the Republic of Kazakhstan

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the Republic of Kazakhstan