

On State property

Unofficial translation

Law of the Republic of Kazakhstan dated 1 March 2011 No. 413-IV.

Unofficial translation

This Law determines legal regime of state property, legal basis of management of state property, including property that is attached to legal entities and owned by the state shares and stakes of participating in the charter capital of legal entities, legal foundations of acquisition and termination of rights on state property and directed to secure effective realization by the state of rights of owner and possessor of other rights on state property.

SECTION 1. BASIC PROVISIONS ON STATE PROPERTY.

Chapter 1. GENERAL PROVISIONS ON MANAGEMENT OF STATE PROPERTY.

Article 1. Basic definitions, used in this Law

The following basic definitions shall be used in this Law:

- 1) District communal legal entity- district state enterprises and district state institutions, created by local executive bodies of districts, cities of regional status;
- 2) District communal property- property of a district, city of regional status including budget of a district, city of regional status and other property not attached to district communal legal entities, as well as a property attached to district communal legal entities;

Note of RCLI!

Article 1 is supplemented by Subparagraph 2-1) from 01.01.2018 for cities of regional significance, villages, townships, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated July 11, 2017 No. 90-VI (for cities of regional significance, villages, townships, rural districts with a population of two thousand and less people, shall be enforced from 01.01.2020).

2-1) communal property of a city of district significance, village, township, rural district (hereinafter - communal property of local self-government) - property of a city of district significance, village, township, rural district, including the funds of the budget of a city of district significance, village, township, rural district, as well as property assigned and (or) not assigned to communal legal entities of local self-government;

2-2) potential supplier - an individual engaged in entrepreneurial activity, a legal entity (with the exception of state institutions, unless otherwise established for them by the laws of the Republic of Kazakhstan), a temporary association of legal entities (consortium), claiming to conclude a procurement contract;

2-3) socio-entrepreneurial corporation - a regional development institution in the form of a joint-stock company, created by decision of local executive bodies of regions, cities of republican significance, the capital, the controlling stake of which belongs to the state, which promotes the development of the regional economy;

2-4) an independent member of the supervisory board - a member of the supervisory board who shall not be affiliated person with this state enterprise on the basis of economic management and has not been a member of it during three years prior to his election to the supervisory board shall not be affiliated person with affiliated persons of this state enterprise; shall not be connected by subordination with officials of this state enterprise on the right of economic management or organizations affiliated persons with this state enterprise and was not connected by subordination with these persons during the three years preceding his election to the supervisory board; shall not be a public servant; does not participate in the audit of this state enterprise as an auditor working as part of an audit organization, and did not participate in such an audit within the three years preceding his election to the supervisory board;

3) Development plan- a document determinative basic directions of an activity and showings of financial and operational activities of state enterprises, joint stock companies and limited liability partnerships that control block of stocks (stake of participating in a charter capital) that belong to the state, including national managing holding, national holding and national companies for the 5 year's period of time;

4) Development strategy- a document, determinative and justifying mission, apparition, strategic goals and tasks of national managing holding, national company for the 10 year's period of time;

5) Accounting item - a state property, reportable in register of state property;

6) Privatization- sale by the state of state property to individuals, non-state legal entities within special procedures, established by this Law, with the exception of the sale of state property to the State Islamic Special Financial Company;

Note of RCLI!

Article 1 is supplemented by Subparagraph 6-1) from 01.01.2018 for cities of regional significance, villages, townships, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 No. 90-VI (for cities of regional significance, villages, townships, rural districts with a population of two thousand and less people, shall be enforced from 01.01.2020).

6-1) communal legal entities of local self-government - communal state-owned enterprises and communal state institutions, which property is in communal ownership

of a city of district significance, village, township, rural district (communal ownership of local self-government);

7) Communal legal entities- communal state enterprises and communal state institutions, a property of that belong to communal ownership;

8) Communal property- a property of an administrative-territorial unit;

8-1) corporate management - a set of processes ensuring management of the activity of state enterprises and legal entities with state participation and including relations between the owner (shareholder), supervisory board (board of directors), executive authority (board), other authorities of state enterprises and legal entities with state participation and interested parties in the interests of the owner (shareholder);

9) Priority right of the Republic of Kazakhstan to acquisition of strategic objective - priority right of the Republic of Kazakhstan prior to the third parties to redemption of strategic objective according to market price from individual or non-state legal entity that owns a strategic objective in case of such person's intention to make transaction on alienation of strategic objective, as well as in case of execution upon strategic objective or alienation of strategic objective to rehabilitation or bankruptcy manager in the composition of property, or sale of pledged property (strategic objective) by pledge without legal proceedings, or execution upon strategic objective on the basis of a court act;

10) Public enterprise - a profit organization vested by the state with property on a basis of operational management;

11) State needs- a need on transition of a privately owned property to state property to meet state interests arisen from functions of the state and pursued socially significant goals;

12) Nationalization- compulsory gratuitous alienation of property belonged to individuals and to non-state legal entities to composition of a property of the Republic of Kazakhstan performed on a basis of the Law of the Republic of Kazakhstan;

13) an authorized body on management of a relevant branch (sphere) of public administration (hereinafter – an authorized body of a relevant branch) – central executive body or department of a central executive body, determined by the Government of the Republic of Kazakhstan, performing management of a relevant branch (sphere) of public administration and having rights concerning the republican property on conditions, provided for by this Law and other laws of the Republic of Kazakhstan. In cases of transferring the rights concerning the republican property by the Government of the Republic of Kazakhstan to other state bodies, the rules of this Law on the authorized body of a relevant branch shall extend to such state body;

14) State legal entities – state enterprises and state institutions;

15) State institution – non-profit organizations created by the state and being funded through a budget or budget (cost estimate) of the National Bank of the Republic of Kazakhstan if additional sources of financing are not determined by the laws of the Republic of Kazakhstan for performing managing, socio-cultural and other non-profit functions;

16) The right of operational management of state institution or public enterprise (hereinafter—the right of operational management) – corporeal rights of state institutions or public enterprise that received a property from the state as from an owner and performing within the powers, determined by the Civil Code of the Republic of Kazakhstan, this Law and other laws of the Republic of Kazakhstan in accordance with charter purposes of their activity, tasks of authorized bodies and appointment of ownership to a property, the rights of possession, use and dispose of this property;

16-1) commission on privatization issues of objects of state property - a collegial body, created by the authorized body for state property management or by a local executive body for preparation and conduct of privatization biddings, provided for by this Law;

17) State property- republican property and communal property;

18) Managing a state property- performing by the state (by the Republic of Kazakhstan or an administrative-territorial unit) of rights to state property and other property rights;

19) Authorized body on managing a state property (hereinafter—authorized body on the state property) – central executive body within limits of its competence performing a managing in scope of managing a republican property, realization of rights of state to republican property, privatizing and state monitoring of a property in scope of economics, having strategic value and strategic objective, except properties that is allocated to the National Bank of the Republic of Kazakhstan;

20) Accounting of state property – an ordered collection system and information collation on registration objects for forming a register of state property in accordance with the rules provided in chapter 15 of this Law;

21) Unified operator in field of registration of state property – legal entity with state participation in authorized capital, defined in a decision of the Government of the Republic of Kazakhstan that is entrusted with tasks for implementation of a unified technical policy in field of organization and registration of state property, as well as the functions for managing and operating the assets of the territorial divisions of the authorized agency for state property in accordance with the list approved by the authorized agency for state property;

22) state property register - a unified information automated system for registration of state property, except for the property, being under the operational management of special state bodies, the Armed Forces, other troops and military units of the Republic of Kazakhstan, and state material reserve.

23) Property rights of the state –rights of state to property including:

a right to state property;

other corporeal rights of the state (servitude, lease, gratuitous use of property, and others);

obligatory rights (rights to claim) of the state;

exclusive rights to objects of intellectual property belonged to the state;

inheritance law;

other property rights of state provided for by the laws of the Republic of Kazakhstan;

24) Conflict of interests – a situation of arising contradiction between a personal interest of a member of a supervisory board and proper discharge of their official duties or legal interests of individuals and legal entities, the state that may lead to harmful consequences of these legitimate interests;

25) Expropriation of property for state needs – seizure of belonged to individuals or non-state legal entities land plot or other moveable property in connection with a seizure of land plot to composition of state property, requisition, nationalization, produced for state needs in exceptional cases established by the laws of the Republic of Kazakhstan, and subject to fair compensation;

26) Regional communal legal entities – regional state enterprises and regional state institutions created by local executive bodies of regions, cities of republican significance, capital;

27) Regional communal property – property of a region, cities of republican significance, capital including regional budget and other property not allocated to regional communal legal entities and also a property allocated to regional communal legal entities, except district communal property;

28) Requisition – seizure of property defined in a decision of the state agencies from an owner in behalf of society in cases of natural calamities, accidents, epizootic epidemics, in period of martial or under any other circumstances that have an extraordinary nature with payment to an owner of cost of a property;

29) Republican legal entities – republican state enterprises and republican state institutions whose property belong to the republican property;

30) Republican property – property of the Republic of Kazakhstan except a communal property;

30-1) procurement - purchase by customers on a paid basis of goods, works, services in the manner prescribed by this Law;

30-2) centralized procurement control service - a service created by the Board of Directors of a national management holding, a national holding, a national company, with the exception of a national company, the shareholder of which is a national management holding or a national holding that exercises internal control over compliance with procurement rules in national management holdings, national holdings, national companies and organizations, fifty or more percent of the voting shares (stakes in the authorized capital) of which directly or indirectly belong to the national management holding, national holding, national company, in the manner determined by this Law;

30-3) procurement rules - the procedure for the procurement of goods, works, services by national managing holdings, national holdings, national companies and organizations, fifty or more percent of voting shares (stakes in the authorized capital) of which directly or indirectly belong to the national managing holding, national holding, national company;

30-4) expert commission for procurement - a collegial body created by the procurement organizer or the customer with the involvement of experts to participate in the development of technical specifications and (or) technical specification of purchased goods, works, services and (or) preparation of an expert opinion regarding the compliance of potential proposals suppliers of technical specifications for purchased goods, works, services;

30-5) procurement expert - an individual with special and (or) technical knowledge, experience and qualifications in the field of ongoing procurement, confirmed by relevant documents (diplomas, certificates, certificates and other documents), attracted by the procurement organizer or the customer to participate in development of technical specifications and (or) technical specifications of purchased goods, works, services and (or) preparation of an expert opinion regarding the compliance of proposals of potential suppliers with technical specifications of purchased goods, works, services;

30-6) authorized body in the field of procurement - the central executive body that carries out management, as well as intersectoral coordination in the field of procurement of goods, works, services by national management holdings, national holdings, national companies and organizations, fifty or more percent of voting shares (participation interests in the authorized capital) of which directly or indirectly belong to the national management holding, national holding, national company;

31) Strategic objective – property having socio-economic importance for sustainable development of Kazakhstani society, possession and (or) use and (or) dispose of that shall influence on situation of national security of the Republic of Kazakhstan;

31-1) customers - national management holdings, national holdings, national companies and organizations, fifty or more percent of voting shares (stakes in the authorized capital) of which directly or indirectly belong to the national management holding, national holding, national company;

31-2) directory of goods, works, services (hereinafter referred to as the directory) - a systematized list of codes for goods, works, services, determined by the authorized body in the field of procurement, used for procurement;

31-3) tender commission (auction commission) - a collegial body created by the procurement organizer to perform the procurement procedure by means of a tender (auction);

32) National managing holding – joint stock companies a founder and the only equity holder of that is the Republic of Kazakhstan represented by the Government of The Republic of Kazakhstan created for effective managing of shares (stakes of participating in the charter capital) of national institutions of development, national companies and other legal entities;

32-1) organizer of the procurement of goods, works and services by national management holdings, national holdings, national companies and organizations, fifty or more percent of voting shares (stakes in the authorized capital) of which directly or indirectly belong to the national management holding, national holding, national company (hereinafter referred to as the procurement organizer), - an official or a structural unit of the customer or a legal entity determined to be responsible for the implementation of the procedures for organizing and conducting procurement;

33) National institutions of development - financial, consulting, innovation, service organizations created by a decision of the Government of the Republic of Kazakhstan in a legal form of joint stock companies the main purpose of that is implementation of projects in a field of industrial-innovative development and support of entrepreneurship;

34) National company - created by a decision of the Government of the Republic of Kazakhstan a joint stock company, controlling stake of that is owned by the state, national managing holding or national holding and carrying out activities in fields of constituting a foundation of national economy;

35) National holding - joint stock company a founder and the only shareholder of that is the Republic of Kazakhstan represented by the Government of the Republic of

Kazakhstan created for effective managing of shares of national company and other joint stock companies and stakes of participating in charter capital of limited liability partnerships unless otherwise provided for by the Laws of the Republic of Kazakhstan;

36) Right of economic management – corporeal rights of state enterprise on right of economic management that has received a property from the state as owner and carrying out within the limits provided for by Civil Code of the Republic of Kazakhstan, this Law and other laws of the Republic of Kazakhstan, right to possession, use and dispose of this property;

37) State enterprise on a right of economic management – profit organization allotted by the state with property on rights of economic management and responsible for its obligations with all property belonging to it;

37-1) affiliated persons of a state enterprise on the right of economic management - individuals or legal entities (with the exception of state agencies exercising control and supervisory functions within the powers granted to them), who shall be able directly and (or) indirectly make decisions and (or) provide influence on the decisions made by each other (one of the parties), including due to the concluded deal;

38) operator of the electronic procurement information system - a legal entity determined by the authorized body in the field of procurement.

Footnote. Article 1 as amended by the Law of the Republic of Kazakhstan dated 13.02.2012 No.553-IV (shall be enforced upon expiry of ten calendar days after its first official publication); 07.03.2014 No.177-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016); dated 13.06.2017 № 69-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2); dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 26.12.2018 No. 202-VI (shall be enforced from 01.01.2020); dated 28.12.2018 No. 208-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.04.2019 No. 241-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 2. Types of state property

1. A state property shall be recognized in a form of republican property and communal property.

2. A republican property shall consist of:

1) a state treasury:

funds of the republican budget and the National Fund of the Republic of Kazakhstan;

other state property that is not allocated to republican legal entities;

2) property that is allocated to state republican legal entities.

3. A communal property shall consist of:

1) a local treasury:

resources of local budget;

any other communal properties that are not allocated to communal legal entities;

2) property, allocated communal legal entities.

Article 3. Legislation of the Republic of Kazakhstan on state property

1. Legislation of the Republic of Kazakhstan on state property shall be based on the Constitution of the Republic of Kazakhstan and consists of this Law, and other regulatory legal acts of the Republic of Kazakhstan.

A legal regime of the state property is provided for by the Civil Code of the Republic of Kazakhstan, this Law and other laws of the Republic of Kazakhstan.

2. Republican property may be located outside of the Republic of Kazakhstan, communal property located outside of an administrative-territorial unit or the Republic of Kazakhstan in accordance with international treaties of the Republic of Kazakhstan, a decision of the Government of the Republic of Kazakhstan, and any other grounds within the limits provided for by the Civil Code of the Republic of Kazakhstan and other laws of the Republic of Kazakhstan.

3. A legal regime of state property of the Republic of Kazakhstan located outside the Republic of Kazakhstan shall be defined by the legislation of foreign country where this property may be located, unless it is otherwise provide for by an international treaty ratified by the Republic of Kazakhstan or other laws of the Republic of Kazakhstan.

4. If an international treaty ratified by the Republic of Kazakhstan establishes different rules than those contained in this Law, the rules of an indicated treaty shall be applied.

Article 4. Subject of regulation of this Law

1. This Law shall define rights and obligations of the state in a scope of managing a state property, establish an order of exercising property rights of the state, including possession, use and dispose of this property belonged to the state on basis of ownership, order of acquisition and termination of right to state property including nationalization and privatization of property, and also possession and (or) use the property by individuals or non-state legal entities.

2. This Law shall establish an order of managing a property attached to state legal entities, shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships, owned by the state and other state property.

3. Particularities of legal regime of strategic objectives shall be defined by the Civil Code of the Republic of Kazakhstan, this Law and other laws of the Republic of Kazakhstan.

3-1. The specifics of exercise of the rights by the state to dispose of unused property shall be established by the Law of the Republic of Kazakhstan “On defense industry and state defense order”, with the exception of other rights established by this Law.

4. An exercise of rights to funds of the republican budget and the National Fund of the Republic of Kazakhstan shall be regulated by the Budget Code of the Republic of Kazakhstan. Definition of state property that is provided for by this Law shall apply to use in the Budget Code of the Republic of Kazakhstan definition of state properties with peculiarities provided for by the Budget Code of the Republic of Kazakhstan.

Special considerations on exercising by the state of rights to other property referred to state treasury or local treasury shall be established by the laws of the Republic of Kazakhstan.

5. An exercise by the state of right to historical and cultural monuments, cultural values shall be regulated by the Civil Code of the Republic of Kazakhstan, this Law and other laws of the Republic of Kazakhstan.

6. An exercise by the state of exclusive right on intellectual property shall be regulated by the Civil Code of the Republic of Kazakhstan, this Law and other laws of the Republic of Kazakhstan.

7. Provisions of this Law on national managing holding, national holding, national companies and other legal entities of controlled by the state or national managing holdings legal entities shall be applied to the Sovereign Wealth Fund and group of the Sovereign Wealth Fund, and to other legal entities controlled by it, unless otherwise provided for by Law of the Republic of Kazakhstan "On Sovereign Wealth Fund".

8. The National bank of the Republic of Kazakhstan on behalf of the Republic of Kazakhstan shall independently exercise rights of possession, use and disposal of allocated to him property that is on his balance, and managing a property created by the legal entities of the National Bank of the Republic of Kazakhstan, also regulation of their activity.

Footnote. Article 4 as amended by the Law of the Republic of Kazakhstan dated 18.03.2019 No. 237-VI (shall be enforced upon expiry of twenty one calendar days after its first official publication).

Article 5. Scope of application of this Law

An enforcement of this Law shall apply to:

- 1) State property located in the territory of the Republic of Kazakhstan;

Note of RCLI!

This wording of Subparagraph 2) with effect from 01.01.2018 for cities of regional significance, villages, townships, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 No. 90-VI (current version until 01.01.2020 for cities of regional significance, villages, townships, rural districts with a population of two thousand and less people, see the archival version dated 25.12.2017 of the Law of the Republic of Kazakhstan "On State Property" dated 01.03.2011 No. 413-IV).

2) state bodies, local executive bodies and bodies of local self-government, performing management of state property, state legal entities, and also, in cases, provided for by them - to individuals and non-state legal entities;

3) Relations on managing a communal property of city of republican significance, capital, state property of special economic zone or industrial zone by state material reserve, taking into account the peculiarities established by the Laws of the Republic of Kazakhstan "On special status of Almaty city", "On status of the capital of the Republic of Kazakhstan", "On special economic zones and industrial zones", "On civil protection".

Footnote. Article 5 as amended by the Law of the Republic of Kazakhstan dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2); dated 03.04.2019 No. 243-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 6. Principles of managing a state property

Managing a state property shall be carried out in accordance with the following principles:

- 1) legality;
- 2) accountability and controllability;
- 3) publicity;
- 4) effective use of state property for benefit of society;
- 5) providing conditions for competition development.

Article 7. Subjects of managing a state property

1. Depending on type of state property managing a state property shall be carried out by the Republic of Kazakhstan or an administrative-territorial unit.

2. The Government of the Republic of Kazakhstan on behalf of the Republic of Kazakhstan shall organize managing a state property and administer republican property.

Note of RCLI!

This wording of Paragraph 3 with effect from 01.01.2018 for cities of regional significance, villages, townships, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 No. 90-VI (current version until 01.01.2020 for cities of regional significance, villages, townships, rural districts with a population of two thousand and less people, see the archival version dated 25.12.2017 of the Law of the Republic of Kazakhstan "On State Property" dated 01.03.2011 No. 413-IV).

3. On behalf of an administrative-territorial unit of the region, the city of republican significance, the capital city, the district, the city of regional significance, the management of communal property shall be carried out by local executive body.

Note of RCLI!

Article 7 is supplemented by Paragraph 4 from 01.01.2018 for cities of regional significance, villages, townships, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 No. 90-VI (for cities of regional significance, villages, townships, rural districts with a population of two thousand and less people, shall be enforced from 01.01.2020).

4. On behalf of an administrative-territorial unit of the city of district significance, village, township, rural district, the management of communal property of local self-government shall be carried out by the Akim's administration of the city of district significance, village, township, rural district in accordance with the competence, established by Article 18-1 of this Law.

Footnote. Article 7 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph.1) of paragraph 1 of Art. 2).

Article 8.Managing a state property

1. On managing republican property the Government of the Republic of Kazakhstan shall organize cooperation of state bodies of the Republic of Kazakhstan on their exercising of rights of the Republic of Kazakhstan on republican property

within bounds of their authority established by chapter 2 of this Law and other laws of the Republic of Kazakhstan, rules and other acts determining status of these state bodies.

Note of RCLI!

This wording of part one of Paragraph 2 with effect from 01.01.2018 for cities of regional significance, villages, townships, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 No. 90-VI (current version until 01.01.2020 for cities of regional significance, villages, townships, rural districts with a population of two thousand and less people, see the archival version dated 25.12.2017 of the Law of the Republic of Kazakhstan "On State Property" dated 01.03.2011 No. 413-IV).

2. On managing communal property, local executive bodies, in accordance with the legislation of the Republic of Kazakhstan, shall organize cooperation of local executive bodies and local self-government bodies on their exercising of rights to communal property within their competence, established by Chapter 2 of this Law and other laws of the Republic of Kazakhstan, provisions and other acts, determining the status of these state bodies.

Authority of the Government of the Republic of Kazakhstan concerning communal property shall be defined by Article 11 of this Law and other legislation of the Republic of Kazakhstan.

3. Control over the safety of the republican and communal property shall be carried out by state audit and financial control bodies in accordance with the Law of the Republic of Kazakhstan "On state audit and financial control".

4. State property may be attached to state legal entities on economic management or operational management.

5. The state (the Republic of Kazakhstan or an administrative-territorial unit) may be a founder (shareholder, participant) of joint stock companies, limited liability partnerships and state legal entities.

For acting of state on behalf of legal entities of the Republic of Kazakhstan that are commercial organizations as a founder (participant, investor, member) shall not be permitted in any organizational and legal form.

6. The state (the Republic of Kazakhstan or an administrative-territorial unit) may be a founder (shareholder, participant) of national fund that is non-profit organization. Creating and activity of national fund and also of non-profit organizations in any organizational and legal form with participation of the state shall be regulated by the laws of the Republic of Kazakhstan.

Footnote. Article 8 as amended by the laws of the Republic of Kazakhstan dated 12.11.2015 № 393-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph.1) of paragraph 1 of Art. 2).

Article 9. Transfer of state property from one type of state ownership to another

1. Transfer of state property from one type of state ownership to communal property or vice versa shall not entail a termination of rights of the state to property, but shall be basis for termination of rights of the Republic of Kazakhstan to republican property and acquisition of rights to communal property by an administrative-territorial unit, or termination of rights of administrative-territorial unit to communal property and acquisition of rights to republican property by the Republic of Kazakhstan.

2. Transfer of state property that is allocated to legal entities from one type of state ownership to another shall be carried out according to the procedure provided for by the Government of the Republic of Kazakhstan.

Note of the RCLI!

This version of title of Article 10 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see archive version dated 25.12.2017 of the Law “On state property” dated 01.03.2011 № 413-IV).

Article 10. Transfer of communal property from one level of local government and self-government to another one

Note of the RCLI!

This version of part one of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12.2017 of the Law “On state property” dated 01.03.2011 № 413-IV).

1. Communal property shall be divided according to the level of local government and self-government into regional communal property, district communal property and communal property of local self-government.

District communal property shall include a property that entered state property on grounds provided for by the Articles 23, 24, 26, 30, 31, and 32 of this Law.

A level of local state government by communal property of city of republican significance, capital shall be equated to a level of local state government of regional communal property. In city of republican significance, capital shall not be created or allocated district level of local state government of communal property. Provided for by this Law authority of district's local executive bodies on managing a communal property shall be carried out by local executive bodies of city of republican significance, capital, unless otherwise provided for by laws of the Republic of Kazakhstan.

A level of local state government by communal property of city regional significance shall be equated to a level of local state government of district's communal property.

Note of the RCL!

Article 10 is supplemented with paragraph 1-1 from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (for the cities of district significance, villages, townships, rural districts with a population of two thousand or less people shall be enforced from 01.01.2020).

1-1. Transfer of district communal property to the communal property of local self-government or vice versa shall not entail termination of the rights of the state to the property, but shall be the reason for termination of the rights of an administrative-territorial unit of the district (the city of regional significance) to the district communal property and acquisition of the rights by an administrative-territorial unit of the city of district significance, village, township, rural district to the communal property of local self-government or termination of the rights of an administrative-territorial unit of the city of district significance, village or township, rural district to the communal property of local self-government and acquisition of the rights by an administrative-territorial unit of the district (the city of regional significance) to district communal property.

2. Transfer of state property from one level of local state government of communal property to another shall be carried out by a decision of local executive body of a region.

Note of the RCL!

This version of passage 1 of paragraph 3 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than

two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12.2017 of the Law “On state property” dated 01.03.2011 № 413-IV).

3. Transfer of the state property, assigned to communal legal entities, from one level of local government and self-government by communal property to another one shall be carried out in the following order:

1) property complexes of regional communal legal entities, shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships relating to a regional communal property shall be transferred to a level of district communal property on a decision of local executive bodies of region on the basis of request of local executive bodies of district, cities of regional significance;

2) property of the regional communal legal entities shall be transferred to the level of district communal property on the basis of request of local executive bodies of district, cities of regional significance, on the basis of a decision of local executive bodies of a region;

3) property complexes of district communal legal entities, shares of joint stock companies and stakes of participating in the charter capital of limited liability partnerships relating to district's level of communal property shall be transferred to a regional level of communal property on basis of decisions of the local executive bodies of district, cities of regional significance and decision of local executive bodies of a region;

4) property of regional communal legal entities shall be transferred to a level of regional communal property on the basis of decisions of local executive bodies of district's, cities of regional significance and decision of local executive bodies of a region;

Note of the RCLI!

Paragraph 3 is supplemented by subparagraph 5) from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the cities of district significance, villages, townships, rural districts with population of two thousand or less people shall be enforced from 01.01.2020).

5) property complexes of district communal legal entities, relating to the district level of communal property shall be transferred to the level of communal property of

local self-government by the decision of the local executive body of the district (the city of regional significance) on the basis of a petition of the Akim's administration of the city of district significance, village, township, rural district (on agreement with the local community meeting);

Note of the RCLI!

Paragraph 3 is supplemented by sub-paragraph 6) from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (for the cities of district significance, villages, townships, rural districts with population of two thousand or less people shall be enforced from 01.01.2020).

6) the property of district communal legal entities shall be transferred to the level of communal property of local self-government on the basis of a petition of the Akim's administration of the city of district significance, village, township, rural district (on agreement with the local community meeting) by the decision of the local executive body of the district (the city of regional significance);

Note of the RCLI!

Paragraph 3 is supplemented by sub-paragraph 7) from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.07.2017 № 90-VI (for the cities of district significance, villages, townships, rural districts with population of two thousand or less people shall be enforced from 01.01.2020).

7) property complexes of communal legal entities of local self-government, relating to the level of communal property of local self-government shall be transferred to the district level of communal property on the basis of the decisions of the Akim's administration of the city of district significance, village, township, rural district (on agreement with the local community meeting) and local executive body of the district (the city of regional significance);

Note of the RCLI!

Paragraph 3 is supplemented by sub-paragraph 8) from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.1.2017 № 90-VI (for the cities of district significance, villages, townships, rural districts with population of two thousand or less people shall be enforced from

01.01.2020).

8) the property of communal legal entities of local self-government shall be transferred to the level of district communal property on the basis of the decisions of the Akim's administration of the city of district significance, village, township, rural district (on agreement with the local community meeting) and local executive body of the district (the city of regional significance).

Note of the RCLI!

This version of part one of paragraph 4 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

4. After making a decision on the transfer of state property from one level of local government and self-government to another communal property, a transfer act shall be registered within thirty days, signed by authorized officials of transferring and receiving parties and approved by the heads of local executive bodies of regions, districts, cities of regional significance, as well as the Akims’ administrations of the cities of district significance, villages, townships, rural districts.

The transfer act shall be drawn up in four copies in the Kazakh and Russian languages, two copies for each of the parties involved in registration of the transfer act.

Note of the RCLI!

This version of paragraph 5 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

5. The procedure, established by this Article shall apply to the transfer of communal property, not assigned to state legal entities from one level of local government and self-government to another, unless otherwise provided by the laws of the Republic of Kazakhstan.

Footnote. Article 10 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2).

Chapter 2. THE AUTHORITY OF STATE BODIES ON MANAGING A STATE PROPERTY

Article 11. The authority of the Government of the Republic of Kazakhstan

The Government of the Republic of Kazakhstan shall carry out:

- 1) Enforcing policy on effective managing a state property;
- 2) Publishing regulatory legal acts in field of managing a state property, within its competence;
- 3) Organizing of managing a state property, working out and taking measures for its use, and protection right to state property;
- 4) Taking decisions on creation, reorganization, change of title, liquidation of state legal entities, national managing holdings, national holdings, national companies, and also other joint stock companies and limited liability partnerships on respect of that the Republic of Kazakhstan acts as the only shareholder (participant);
- 5) Taking decisions on issuing or refusal on issuing of permission to encumbrance of strategic objective by rights of third persons or their alienation;
- 6) is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication);
- 7) is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication);
- 8) is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication);
- 9) is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publications);
- 9-1) is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication);
- 10) Adopting the decrees on beginning of expropriation of land plot or another immovable property in connection with a seizure of land plot for state needs or termination of expropriation of land plot or another immovable property in connection with a seizure of land plot for state needs;

11) take decision on privatization of organizations, that are subjects of natural monopoly or market entities, holding a dominant or monopolistic position on the market;

12) Taking decision on transferring of state property to charter capital of limited liability partnership or payment of shares of joint stock organization;

12-1) take decision on establishment of the state Islamic special financial company, on the issue of state Islamic securities, on the basis of which the sale of state property shall be carried out by the state Islamic special financial company with obligation of its repurchase, on replacement of the property, sold to the state Islamic special financial company, as well as on early redemption and (or) repayment of state Islamic securities in accordance with the terms of the issue of state Islamic securities;

13) Taking decision on acquisition of shares of joint stock company and stakes of participating in charter capital of limited liability partnership to composition of state property;

14) Exercising a right of the state as shareholder (participant) to participating in managing national management holdings, national holdings, national companies, other joint stock companies and limited liability partnerships with the participation of the state or vest with this rights authorized body on state property;

15) take decisions on using material values of state material reserve for regulatory impact on market, assistance to refugees and humanitarian assistance;

15-1) approve the standard list of the district communal property, transferred to the structure of communal property of local self-government;

15-2) define the limits of certain types of administrative expenses of national management holdings (except for the National Welfare Fund), national holdings and national companies, the controlling stakes of which are owned by the state, as well as national companies, which are part of national management holdings (except for national companies, which are part of the National Welfare Fund group), national holdings and the mechanism for their monitoring. Limits of certain types of administrative expenses of the National Welfare Fund, as well as national companies that are part of the National Welfare Fund group, shall be approved in accordance with the Law of the Republic of Kazakhstan "On the National Welfare Fund";

16) Other powers provided for by the Constitution of the Republic of Kazakhstan, this Law, and other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

Footnote. Article 11 as amended by the Law of the Republic of Kazakhstan dated 10.07.2012 No.34-V (shall be enforced from the date of its official publication); dated 13.06.2013 No. 101-V (shall be enforced upon expiry of ten calendar days after its

first official publication); dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2014 № 225-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 № 239-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 04.12.2015 № 435-V (shall be enforced from 01.01.2016); dated 11.07.2017 № 90-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 18.03.2019 No. 237-VI (shall be enforced upon expiry of twenty one calendar days after its first official publication).

Article 12. The competence of the National Bank of the Republic of Kazakhstan

The National Bank of the Republic of Kazakhstan shall:

1) issue legal acts of individual application, regulating relations in the sphere of state property management, assigned to the National Bank of the Republic of Kazakhstan;

2) manage a state property, that is attached to the National Bank of the Republic of Kazakhstan, protect right to state property;

2-1) determine the procedure for developing and approving development plans for state-controlled joint-stock companies, limited liability partnerships which shareholder (participant, trustee) is the National Bank of the Republic of Kazakhstan, and state-owned enterprises, created by it, monitoring and evaluating their implementation, and reports on their execution;

3) carry out alienation, transfer for usage the property, assigned to the National Bank of the Republic of Kazakhstan;

4) take decision on creation, reorganization, changing of title and liquidation, alienation instituted public enterprises, joint stock companies and limited liability partnerships;

4-1) carry out reorganization and liquidation of branches of the National Bank of the Republic of Kazakhstan by decision of the President of the Republic of Kazakhstan;

5) act on behalf of the Republic of Kazakhstan as a founder of joint stock companies and limited liability partnerships, including contributing to implementation of the National Bank of the Republic of Kazakhstan of its functions and (or) that are part of an infrastructure of a financial market, exercise of right of state as a shareholder (participant) to participation in a management of joint stock companies and limited liability partnerships, also take decision on acquiring or alienation of shares (stakes of participating) of these joint stock companies and limited liability partnerships;

6) exercise rights on behalf of the Republic of Kazakhstan of a subject to republican property law relating a property created by state enterprises;

7) independently define an object and purposes of activity of state enterprises created by it, also types of state enterprises (on rights of economic management or operational management), prove their charter, introduction amendments and additions to it.

8) give consent to the state enterprise, created by it for alienation or disposition in any other way, including the transfer for usage of the property, assigned to it (except for sale of the products, produced by it), creation of branches and representations, and also transfer and write-off of accounts receivable;

8-1) carry out trust management of state property, transferred to it in trust management by the Government of the Republic of Kazakhstan, in the manner and on the terms provided for in the contract;

9) consider and approve development plans of state enterprises it created and report on their activities and also is entitled to check their financial and economic activities;

10) approve or set prices on goods (work, services) produced and realized by state enterprises it created;

11) represent information about objects of state property to a register of state property;

11-1) determine the procedure for distribution of net income of state-owned enterprises, created by it;

12) carry out other powers, provided for by this Law, and other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

Footnote. Article 12 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 be enforced from 01.01.2016); dated 06.04.2016 № 481-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 13. The authority of a central authorized body on state planning

On state planning central authorized body shall:

1) form the state policy in the sphere of state property management, within its competence, develop, approve normative legal acts in the sphere of state property management;

2) carry out analyzing and evaluation of managing a state property;

3) develop jointly with the authorized body for state property management the procedure for:

development, approval of development strategies and development plans of national management holdings, national holdings, national companies, the shareholder of which is the state, as well as monitoring and evaluation of their implementation;

development and submission of reports on execution of development strategies and development plans of national management holdings, national holdings, national companies, the shareholder of which is the state;

4) Require and acquire information that is necessary for a fair and objective analysis of managing a state property from state agencies, joint stock companies, limited liability partnerships with the participation of the state;

4-1) determine the procedure for the development, approval of development plans for state-controlled joint-stock companies and limited liability companies, state-owned enterprises, as well as monitoring and evaluating their implementation, with the exception of joint-stock companies, limited-liability partnerships, which shareholder (participant, trust manager) is the National Bank of the Republic of Kazakhstan, and state enterprises, created by it;

4-2) determine the procedure for the development and submission of reports on execution of development plans for state-controlled joint stock companies, limited liability partnerships and state enterprises, with the exception of joint stock companies, limited liability partnerships, which shareholder (participant, trust manager) is the National Bank of the Republic of Kazakhstan and state enterprises, created by it;

4-3) determine the procedure for the development and submission of reports on execution of development strategies and development plans for national managing holdings, national holdings, national companies, which shareholder is the state;

4-4) determine the procedure for the development, approval of development strategies and development plans for national managing holdings, national holdings, national companies, which shareholder is the state, as well as monitoring and evaluating their implementation;

4-5) approve the pricing rules for goods (works, services), produced and sold by a state monopoly entity;

4-6) develop the procedure for consideration of appeals of owners (right holders) of strategic objects, rehabilitation or bankruptcy managers on encumbrance or alienation of a strategic object;

4-7) approve the Model Corporate Management Code in state-controlled Joint Stock Companies, with the exception of the National Wealth Fund;

5) carry out other powers, provided for by this Law, and other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 13 as amended by the laws of the Republic of Kazakhstan dated 29.09.2014 № 239-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 04.12.2015 № 435-V (shall be enforced from 01.01.2016); dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 14. The authority of an authorized body on state property

An authorized body on state property shall:

- 1) develop, approve regulatory legal acts in scope of managing a state property within their competence;
- 2) handle specific and effective use of republican property;
- 3) carry out privatization of the republican property, also take decision on privatization of the republican property, as well as enterprises as a property complex that are not subjects of natural monopoly or market entities, holding a dominant or monopolistic position on the market, ensure the safety of the republican property in the process of preparing the object for privatization, involve an intermediary for organization of privatization process, provide an evaluation of the privatization object, carry out preparation and conclusion of contracts for the sale and purchase of the privatization object and control compliance with the terms of purchase and sale contracts;
- 4) exercise rights on behalf of the Republic of Kazakhstan of a subject to republican property law relating to state legal entities;
- 5) on the proposal of authorized bodies of relevant field, define a object and purposes of activity of republican state enterprise, as well as a type of republican state enterprise (on rights of economic management or public enterprise), carry out such activities, and approve charter of republican state enterprises, introduction of amendments and additions to it;
- 6) upon agreement with an authorized body of relevant field carry out seizure or redistribution of a property transferred to republican legal entity or acquired as a result of its own economic activity;
- 7) proceed with a removal of unnecessary, unused or used not for designated purpose of property of republican legal entities identified by results of the control of target use of state property at expiration of six months from the date of control without coordination with an authorized body of relevant field;
- 8) set term of detention to republican state enterprise and secure of safekeeping of seized property until its transferring to another person, with a subsequent write-off from a balance;

9) provide a republican property in property lease (rent), entrusted administration to individuals and non-state legal entities without right of subsequent redemption, with right to redemption or right of subsequent free transfer to an estate of subjects of small business;

10) give consent to an authorized body of relevant field on reorganization and liquidation of the state legal entity;

11) give consent to republican state enterprise on alienation, or dispose otherwise a property that is attached to it (except for sale of manufactured goods), establishment of branches and representative offices, as well as transfer and write-off of debtor indebtedness;

12) represent interests of the state on republican property, carry out protection of property rights, that belong to the Republic of Kazakhstan;

13) carry out review of the provision on property lease (rent) of the property, that is attached to the Republican legal entities;

14) exercise control over modernity and completeness of distribution of dividends on shares and their payment that belong to the Republic of Kazakhstan, as well as for distribution of net income between participants of a limited liability partnership of that stakes of participating in charter capital belongs to the Republic of Kazakhstan;

15) carry out state monitoring of property in fields of economics, that have strategic importance, in accordance with the Law of the Republic of Kazakhstan “On state monitoring of property in fields of economics of strategic importance”;

16) carry out organization and implementation monitoring of functioning and effectiveness of management of republican state enterprises, joint stock companies and limited liability partnerships with participation of the Republic of Kazakhstan;

17) carry out control over execution of Trustee obligations under a trust agreement over republican property;

18) by decision of the Government of the Republic of Kazakhstan act as a founder of joint stock companies and limited liability partnerships, as well as republican state enterprises;

19) by decision of the Government of the Republic of Kazakhstan carry out payment of distributed shares of joint stock companies and contribution in charter capital of the limited liability partnerships by investing money in accordance with the Budget Code of the Republic of Kazakhstan and also republican property, including shares, participation interest in an authorized capital of stakes of participating in charter capital;

20) on behalf of the Government of the Republic of Kazakhstan exercise rights of the state as a shareholder (participant) for participation in management of joint stock company (limited liability partnership);

21) appoint its representative in a respective board of directors (supervisory board) of joint stock companies (limited liability partnerships) in that the only shareholder is the Republic of Kazakhstan, and in other joint stock companies and limited liability partnerships with participation of the Republic of Kazakhstan submit for approval a candidacy to boards of directors or supervisory board on a general meeting of shareholders or members of a limited liability partnerships;

22) pay compensation for nationalized property in cases and on conditions, stipulated by Chapter 5 of this Law;

23) develop rules of maintenance of register of state property;

24) maintain a register of state property in order established by the Government of the Republic of Kazakhstan, and provide information to users of a register of state property;

25) coordinate and organize work to secure an unified accounting of state property in a register of state property;

26) hold a contest in accordance with the Law of the Republic of Kazakhstan "On public procurement" by definition of periodicals for publication of a notice on holding a tender on privatization of republican property;

26-1) provide the territorial divisions of central state authorities, with the exception of the state material reserve and property under operational management, special state and law enforcement agencies, the Armed Forces of the Republic of Kazakhstan, other troops and military formations, with the property necessary to perform the assigned functions according to the list approved by the authorized agency on state property;

26-2) transfer to trust management of a unified operator in the field of state property accounting, assets of territorial divisions of the authorized agency for state property in accordance with the list approved by the authorized agency for state property;

26-3) provide financing for a unified operator in the field of state property accounting for management and maintenance of property of territorial divisions of the authorized agency for state property in accordance with the list approved by the authorized agency for state property;

27) carry out other powers provided for by this Law, and other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 14 as amended by the Law of the Republic of Kazakhstan dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016); dated 02.04.2019 No. 241-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 15. The authority of an authorized body of the relevant field

An authorized body of the relevant field shall:

1) implement state policy on managing a state property in relevant branch, within its competence prepare, approve regulatory legal acts in scope of managing a state property of a relevant branch;

2) define priority orientations of activity and required volumes of works (services) financed from budget, republican state enterprises and in cases specified by laws of the Republic of Kazakhstan, of communal state enterprises;

3) define an object and purposes of activity of the Republican state enterprise;

4) make proposals to an authorized body on state property in defining of an object and purpose of activity of republican state enterprise, and also on determining a type of republican state enterprise (on rights of economic management or public enterprise), carry out such activities;

5) examine, negotiate in cases established by this Law and approve development plans of republican public enterprises and reports on their execution;

6) carry out control over safety of a property of republican legal entities and implementation of development plans of republican state enterprises;

7) carry out control and analysis of implementation of development strategies and development plans of national management holdings, national holdings, national companies, a shareholder of that is the state, in a relevant field;

8) carry out control and analysis of implementation of development plans of republican state enterprises, state-controlled joint stock companies and limited liability partnerships of relevant field;

9) give consent to an authorized body on state property for seizure and redistribution of a property transferred to republican legal entity or acquired as a result of its own economic activity;

10) carry out managing s republican legal entities;

11) approve charter (regulations) of republican state institutions, introduction of amendments and additions to it;

12) approve annual accounting statements of the Republican legal entity;

13) set prices for goods (work, services), produced and sold by republican public enterprises;

14) approve financial plans of republican state institutions from republican budget;

15) give consent to republican state institutions for creation of branch offices and representational offices;

16) in coordination with an authorized body on state property exercise reorganization and liquidation of republican legal entity;

17) develop project of a decision of the Government of the Republic of Kazakhstan on implementation of a priority right to acquisition of strategic objective;

18) in cases of it has been transferred a right of ownership and use of state stock of shares (stakes of participating in the charter capital) shall appoint its own representative of a respective board of directors (supervisory board) of joint stock companies (limited liability partnerships), in that the only shareholder (participant) is the state, and in other state's participating joint stock companies and limited liability partnerships provide for approval a candidacy by general meeting of shareholders or members of a limited liability partnership to board of directors or supervisory boards;

19) provide for or use reasonable efforts to integrate a representative of an authorized body on state property to a board of directors of joint stock company with participation of the state or to a supervisory board of a limited liability partnership with participation of the state;

20) prepare information, including a full list of its managing state legal entities and legal entities with participation of the state in respect of that it shall exercise rights of state as a shareholder (participant) for participation in management, in order to reflect this information in a register of state property;

21) carry out other powers provided for by this Law, and other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 15-1. Competence of the authorized body in the field of procurement

Authorized body in the field of procurement:

1) approves the procurement rules;

2) initiate and consider cases of administrative violations in the field of procurement of goods, works, services by national managing holdings, national holdings, national companies and organizations, fifty or more percent of voting shares (stakes in the authorized capital) of which directly or indirectly belong to the national managing holding , a national holding, a national company, and imposes administrative penalties in the manner prescribed by the Code of the Republic of Kazakhstan on Administrative Offenses;

3) exercise other powers provided for by this Law, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Chapter 2 is supplemented by Article 15-1 in accordance with the Law of the Republic of Kazakhstan dated December 26, 2018 No. 202-VI (shall be enforced from January 1, 2020).

Article 16. The authority of local representative bodies of regions, cities of republican significance, capital, districts, cities of regional significance on managing a communal property

Local representative bodies of regions, cities of republican significance, capital, districts, cities of regional significance shall:

- 1) examine reports of heads of local executive bodies on issues of managing a communal property of a respective administrative-territorial unit;
- 2) develop proposals and recommendations aimed at development of the communal property of a respective administrative-territorial unit;
- 3) bring into accord drafts of contracts for redemption of a land plot or other real estate due to the fact of seizure of land plot for state needs.

Footnote. Article 16 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 17. The authority of local executive bodies of regions, cities of republican significance, capital

Local executive bodies of regions, cities of republican significance, capital shall:

- 1) develop and approve regulatory legal acts in scope of managing a regional communal property within limits of its competence;
- 2) coordinate work of local executive bodies of districts, cities of regional significance on issues included in their competence in scope of managing a district's state property;
- 3) manage a regional communal property, carry out measures on its protection;
- 4) take decision on privatization of the regional communal property, as well as enterprises as a property complex;
- 5) hold competitive tenders in accordance with the Law of the Republic of Kazakhstan "On public procurement" by definition periodicals for publication of a notice on holding a tender on privatization of regional communal property;
- 6) take decision on creation, reorganization and liquidation of regional communal legal entities, and also on participation in joint stock companies and limited liability

partnerships, their creation, reorganization, liquidation, alienation of belonged to it shares of joint stock companies, stakes of participating in charter capital of limited liability partnerships;

7) approve charter (provision) of regional legal entities, introduction of amendments and additions to it or authorize to it funded from the local budget executive body, that is authorized for disposal of regional communal property

8) define priority areas of activity and required volumes of work (services) financed from budget of regional, state enterprises;

9) consider, bring into accord in cases stipulated by this Law, and approve development plans of regional state enterprises and reports on their fulfillment;

10) carry out control and analysis of implementation of development plans of regional state enterprises, state-controlled joint stock companies and limited liability partnerships;

11) settle regional communal property on regional communal legal entities;

12) give consent for establishment of branches and representations by regional communal legal entities;

13) take decision on transfer of regional communal property, and also money in accordance with the Budget Code of the Republic of Kazakhstan to charter capital of limited liability partnerships or in payment of shares of joint stock companies;

14) decide on acquisition of shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships for a composition of regional communal property;

15) in cases and order that is established by Article 10 of this Law, shall decide on transferring of regional communal property on a level of communal property of a district, city of regional status;

16) take a decision on impleading for alienation of monuments of history and culture from an owner;

17) take decisions on using of regional communal property, including transferring for a pledge, lease, uncompensated use and entrusted administration;

18) decide on requisition in extreme situations of natural and man-caused character on conditions established by chapter 4 of this Law;

19) pay compensation for requisitioned property in cases and on conditions, stipulated by chapter 4 of this Law;

20) pay compensation in case of alienation of land plot or other immovable property in connection with alienation of land plot for state needs on conditions established by chapter 6 of this Law;

21) adopt decree on beginning of an expropriation of land plot or another immovable property in connection with seizure of land plot for state needs or termination of expropriation for state needs;

22) conclude a contract on alienation of a land plot or other immovable property due to the fact of seizure of a land plot for state needs (hereinafter referred to as - contract on alienation of a land plot for state needs);

23) provide control over use and safety of regional communal property;

24) organize record of regional communal property, secure its effective use;

25) carry out privatization of the regional communal property, as well as enterprises as a property complex, also involve an intermediary for organization of privatization process, provide evaluation of the privatization object, carry out preparation and conclusion of contracts for the sale and purchase of the privatization object and control compliance with the terms of purchase and sale contracts;

26) provide regional communal property to a property lease (rent), entrusted administration to individuals and non-state legal entities without a right of subsequent redemption, with a right of subsequent redemption or with a right of subsequent transfer of a property to ownership of subjects of small business without charge;

27) control over implementation of Trustee obligations under an entrusted administration of regional communal property;

28) exercise other powers obligated to them by this Law and another legislation of the Republic of Kazakhstan.

Footnote. Article 17 as amended by the Law of the Republic of Kazakhstan dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016); dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 18. The authority of local executive bodies of districts, cities of regional significance

Local executive bodies of districts, cities of regional significance shall:

1) develop, approve regulatory legal acts, regulating relations in scope of district communal property within its competence;

2) manage district communal property, unless otherwise provided for by laws of the Republic of Kazakhstan, carry out measures for its protection;

3) is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication);

4) take decision on privatization of the district communal property, as well as enterprises as a property complex;

5) organize a competitive tender in accordance with the Law of the Republic of Kazakhstan "On public procurement" by definition periodicals for publication of a notice of holding a tender of privatization of district communal property;

6) provide the district communal property in a property lease (rent), entrusted administration to individuals and non-state legal entities without a right of subsequent redemption, with a right of subsequent redemption or with a right of subsequent transfer to ownership of subjects of small business without charge, unless otherwise provided for by laws of the Republic of Kazakhstan;

7) take decisions on establishment, reorganization and liquidation of district communal entities, as well as on participation in joint stock companies and limited liability partnerships, their creation, reorganization, liquidation, alienation of owned shares of joint stock companies, stakes of participating in charter capital of limited liability partnerships;

8) approve a charter (provision) of district communal legal entities, introduce amendments and additions to it or authorize for that an executive body, funded from a local budget, authorized for arrangement of district communal property;

9) define priorities and required volumes of works (services), funded from state budget, of communal state enterprises created by local executive bodies of regions, cities of regional status, unless otherwise provided for by laws of the Republic of Kazakhstan;

10) provide control over use and safety of district communal property;

11) consider, agree in cases stipulated by this Law, and approve development plans of communal state enterprises created by local executive bodies of regions, cities of regional status, and reports on their execution;

12) carry out control and analysis of implementation of development plans of communal state enterprises created by local executive bodies of regions, cities of regional status, that are controlled by state joint stock companies and limited liability partnerships;

13) settle district communal property on district communal entities;

14) give consent to establishment by district communal entities of branches and representative offices;

15) take decisions on transferring of district communal property and also money in accordance with the Budget Code of the Republic of Kazakhstan to charter capital of limited liability partnerships or in payment of shares of joint stock companies;

16) take decisions about use of district communal property, including transferring of it for a pledge, property lease (rent), uncompensated use and entrusted administration, unless otherwise provided for by the laws of the Republic of Kazakhstan;

17) take decisions on requisition in extreme situations of natural and man-caused character on conditions established by chapter 4 of this Law;

18) pay compensation for requisitioned property in cases and on conditions, stipulated by chapter 4 of this Law;

19) pay compensation in case of alienation of land plot or other immovable property in connection with alienation of land plot for state needs on conditions established by chapter 6 of this Law;

20) take disposition on beginning of an expropriation of land plot or another immovable property in connection with seizure of land plot for state needs or termination of an expropriation for state needs;

21) conclude a contract on alienation of a land plot for state needs;

22) organize registration, storage, evaluation and further use of district communal property, converted (received) to communal property, recognized in accordance with the legislation of the Republic of Kazakhstan, as ownerless, that has been transferred to the state by a right of inheritance, and escheated property, findings, unattended animals, gratuitously transferred in accordance with the legislation of the Republic of Kazakhstan, to communal ownership, a share of hidden treasures, not containing things related to cultural values;

23) control over implementation of Trustee obligations under trust agreement of district communal property;

24) carry out privatization of the district communal property, as well as enterprises as a property complex, also involve an intermediary for organization of privatization process, provide evaluation of the privatization object, carry out preparation and conclusion of sale and purchase contracts of the privatization object and control compliance with the terms of purchase and sale contracts;

24-1) excluded by the Law of the Republic of Kazakhstan dated July 11, 2017 No. 90-VI (the order of enforcement, see subparagraph 1) of paragraph 1 of Article 2);

25) exercise other powers obligated to them by this Law and another legislation of the Republic of Kazakhstan.

Footnote. Article 18 as amended by the Law of the Republic of Kazakhstan dated 13.06.2013 No. 101-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 09.29.2014 № 239-V (shall be enforced upon the expiry of ten calendar days after its first official publication); dated 02.11.2015 №

387-V (shall be enforced upon the expiry of ten calendar days after its first official publication); dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016); dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art.2); dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication)

Note of the RCLI!

Chapter 2 is supplemented by Article 18-1 from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the cities of district significance, villages, townships, rural districts with population of two thousand or less people shall be enforced from 01.01.2020).

Article 18-1. Competence of the Akim's administration of the city of district significance, village, township, rural district

1. The Akim's administration of the city of district significance, village, township, rural district in agreement with the local community meeting shall:

1) develop the drafts of legal acts in the field of management of communal property of local self-government within its competence;

2) manage the communal property of local self-government, unless otherwise provided by the laws of the Republic of Kazakhstan, carry out measures for its protection;

3) take decision and carry out privatization of communal property of local self-government, also ensure its safety in the process of preparation the object for privatization, involve an intermediary for organization the privatization process, provide evaluation of the privatization object, carry out preparation and conclusion of contracts for the sale and purchase of the privatization object and control compliance with the terms of purchase and sale contracts;

4) determine the subject and purpose of the activity of a communal state enterprise, which property is in the communal property of the city of district significance, village, township, rural district (communal property of local self-government), as well as the type of communal state enterprise (on the right of economic management or public enterprise), carrying out such activities;

5) carry out the seizure or redistribution of property, transferred to a communal legal entity of local self-government or acquired by it as a result of its own economic activity;

6) carry out the seizure of excessive, unused or used for other purposes property of communal legal entities of local self-government;

7) provide communal property of local self-government in property rent (lease), trust management to individuals and non-state legal entities without the right of subsequent redemption or with the right of subsequent redemption;

8) take decision on creation, reorganization, change of the name and liquidation of communal legal entities of local self-government in agreement with the Akim of the district (the city of regional significance);

9) give consent to a communal state enterprise which property is in the communal property of the city of district significance, village, township, rural district (communal property of local self-government), for alienation or disposition in other way of property, assigned to it (except for the sale of products, produced by it), creation of branches and representative offices, as well as transfer and write-off of accounts receivable;

10) approve the charter (regulations) of state legal entities of local self-government, making amendments and additions to it;

11) determine priority directions of activity and mandatory amounts of works (services), financed from the budget, communal state-owned enterprises, which property is in the communal property of the city of district significance, village, township, rural district (communal property of local self-government);

12) consider, coordinate in cases, provided for by this Law, and approve plans for the development of state enterprises, which property is in the communal property of the city of district significance, village, township, rural district (communal property of local self-government), and reports on their execution;

13) take decisions on the use of communal property of local self-government, including its transfer in pledge, rent, gratuitous use and trust management;

14) assign the communal property of local self-government to communal legal entities of local self-government;

15) take decision on alienation of communal property of local self-government;

16) exercise other powers, provided for by this Law and the legislation of the Republic of Kazakhstan.

2. The Akim's administration of the city of district significance, village, township, rural district shall:

1) exercise control over the targeted and efficient use of communal property of local self-government;

2) exercise the rights of the subject of the right of communal property in relation to communal legal entities of local self-government;

3) establish to a communal state enterprise, which property is in the communal property of the city of district significance, village, township, rural district (communal

property of local self-government), the period of maintenance and preservation of the seized property prior to its transfer to another person and subsequently writing off from the balance;

4) represent the interests of the state on the issues of communal property of local self-government, protect the property rights of the city of district significance, village, township, rural district (communal property of local self-government);

5) exercise control over the fulfillment of obligations by the Trustee under the contract of trust management of communal property of local self-government;

6) carry out monitoring and analysis of implementation of development plans for communal state-owned enterprises, which property is in the communal property of the city of district significance, village, township, rural district (communal property of local self-government);

7) organize accounting of communal property of local self-government, ensure its effective use;

8) exercise other powers, provided for by this Law and the legislation of the Republic of Kazakhstan.

Footnote. Chapter 2 is supplemented by Article 18-1 in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2).

SECTION 2.ACQUISITION BY THE STATE OF PROPERTY RIGHTS

Chapter 3.GROUNDS FOR THE ACQUISITION BY THE STATE OF PROPERTY RIGHTS

Article 19.The list of grounds for acquisition by the state of property rights

1. Grounds for acquisition by the Republic of Kazakhstan of rights for republican property shall be recognized as follows:

1) receipts to republican budget;

2) acquisition of property by republican legal entities;

3) appropriation;

4) transfer of property to republican property from composition of communal property;

5) acquisition and creation of property on bases of civil law contracts (buy and sell, labor contract and other treaties;

6) realization of priority rights to acquire strategic objectives;

7) seizure mismanaged monuments of history and culture, cultural values by court decision;

8) acquisition of rights of state ownership for land plot of agricultural purposes, privately owned by re-registration of a right to it;

9) inheritance, gift or other gratuitous transfer or any other gratuitous receipt (transfer) of property from non-state legal entities and individuals to composition of republican property;

10) expropriation of property for state needs;

11) return of executed by the Republic of Kazakhstan under an obligation before the date of termination or amendment of a treaty;

12) return of property transferred under a contract that has been rendered ineffective;

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

2. Grounds for acquisition by an administrative-territorial unit of rights to communal property shall be recognized as follows:

1) receipts to a local budget;

2) acquisition of properties by communal legal entities;

3) receipt to composition of communal property of ownerless property and confiscated property;

4) transfer of property to composition of communal property from composition of republican property;

5) acquisition and creation of property on basis of civil law contracts (buy and sell, labor contract and other contracts);

6) acquisition of rights to unauthorized construction by a court decision;

7) seizure of mismanaged monuments of history and culture, cultural values by a court decision;

8) inheritance, transition of escheated property, gift or other gratuitous transfer or any other gratuitous receipt (transfer) of property of individuals and non-state legal entities to composition of communal property;

9) expropriation of property for state needs;

10) return of executed by an administrative-territorial unit under an obligation before the date of termination or amendment of a treaty;

11) return of property transferred under a contract rendered ineffective;

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

Article 20. The acquisition of rights to property related to a budget

The acquisition of rights to property related to a budget shall be defined by the Budget Code of the Republic of Kazakhstan.

Article 21. The acquisition of property by state legal entities

Acquisition of property by state legal entities as a result of production and economic activities, or on other grounds not prohibited by laws of the Republic of

Kazakhstan shall be a ground for an acquisition by the state of rights to this property and its reference to state property.

Article 22. The receipt of forfeit to composition of state property

The receipt of forfeit to composition of state property shall be carried out in order and on conditions defined by Articles 210-212, 214, 215 of this Law.

Article 23. The acquisition of state ownership right to ownerless immovable objects.

1. Ownerless immovable objects shall be accepted for accounting by body executing state registration of rights to immovable property under a statement of relevant local executive bodies of cities of republican significance, capital, districts, cities of regional significance, of their identified territory. On expiry of one year from the date of setting of ownerless immovable objects on a registry a local executive body shall appeal to court with requirement about recognition of this thing to be received by a district communal property. In case if owner waive ownership by advertisements, a local executive body shall apply to a court with requirement about recognition of this thing to be received to a communal property since an announcement of refusal. A land plot is accepted for registry as ownerless immovable object on application of a relevant authorized body of city of republican significance, capital, region, city of regional significance on its identified territory, in accordance with the Land Code of the Republic of Kazakhstan.

2. Ownerless immovable objects held by individuals or non-state legal entities that own such property as their own may not be recorded and transferred to the district communal property.

3. At any time prior to creation of property right of another person to a property an owner shall have a right to file an application for striking off a register regarded as ownerless belonged to him immovable thing and accept it again to his own actual possession.

4. Particularities of acquisition by state of rights to land plot, registered as ownerless immovable objects shall be established by the Land Code of the Republic of Kazakhstan.

Footnote. Article 23 as amended by the Law of the Republic of Kazakhstan dated 22.07.2011 No.479-IV (shall be enforced upon expiry of ten calendar days after its first official publication)

Article 24. The acquisition of state ownership right on moveable things abandoned by owner

1. Moveable things abandoned by owner or otherwise left by him with the purpose of abandonment of a right of ownership (left things), may be converted into state property in cases and according to procedure provided for by this Article.

2. State legal entity, in that land-use located land plot, where left thing is, a cost of that is clearly less than twenty-fold monthly calculation index, effective on the date of detection of abandoned thing, or discarded scrap metal, defective products, shall turn these things into his economic management or operational management having come to their use or committing other actions evidencing outstanding things in economic management or operative management by beginning to use them or by performing any other acts that witness taking such items into ownerships.

In case of detection of such property on lands under state ownership and that has not been transferred to land use, it shall go into a local treasury by a decision of local executive bodies of regions, cities of regional significance, in necessary cases by adoption of property to composition of district communal property.

3. The main criteria on considering an issue on necessity of acceptance a property to composition of district communal property shall be regarded as follows:

1) economic efficiency;

2) nature of a property and use of a property after acceptance to composition of district's communal property.

4. In case of absence of necessity of acceptance of property to composition of district communal property a local executive body in the order established by this Article may accept a property to composition of district communal property for further implementation in accordance with Article 213 of this Law.

5. Moveable thing left by owner, a cost of that is equal to and above from twenty-fold monthly calculation index, effective on the date of detection of abandoned things shall come in economic management or operational management of state legal entity that take ownership, or in case of its admission into possession of local executive bodies of regions, cities of regional status to composition of a local treasury, if by an application of a state legal entity or a local executive body such thing has been recognized by court as ownerless.

Article 25. The acquisition of property using budget funds

1. Acquisition of property using budget funds shall be carried out on basis of making of civil law transactions on acquisition of property, execution of works or rendering of services (buy and sell, labor contract, fee-based services and other contracts) with compliance to the requirements and rules of the Law of the Republic of Kazakhstan "On public procurement".

2. Acquisition of shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships, payments of shares of joint stock companies and investment in charter capital of limited liability partnerships using budget funds shall be carried out in the order established by this Law and the Budget Code of the Republic of Kazakhstan.

Article 26. Receipt of inheritance and escheated property to composition of state property

1. In the case of death of an individual belonged to him property may be transferred to the state in accordance with a will in procedure established by the Civil Code of the Republic of Kazakhstan.

2. In cases of absence of heirs neither by will nor by law or none of the heirs has right to inherit or all of them refused from the inheritance in accordance with the Civil Code of the Republic of Kazakhstan an inheritance remaining after the death of an individual shall be recognized as escheat property. An escheated property shall be transferred to composition of a regional communal property at a place of opening inheritance, in accordance with the procedure established by the Civil Code of the Republic of Kazakhstan

Article 27. The acquisition of rights to property under gift contract

1. To a gift contract of property of individuals and non-state legal entities to the state provisions of chapter 27 of the Civil Code of the Republic of Kazakhstan with peculiarities stipulated by this Article shall be applied.

Particularities of exercise of rights to gifts transferred to public servants in connection with their official position or performance of their official duties, and also members of their families shall be determined by Article 216 of this Law.

2. Acquisition by the state of property rights under a gift contract shall be carried out in the order determined by the Government of the Republic of Kazakhstan.

3. Transfer of land plots from private to public ownership under a gift contract shall be carried out with peculiarities of the peculiarities stipulated by the Land Code of the Republic of Kazakhstan.

4. Transfer of property from private property to state property in useful purposes (charitable gift) shall be carried out in accordance with Article 516 of the Civil Code of the Republic of Kazakhstan.

Article 28. The acquisition of rights to property by expropriation for state needs.

1. Acquisition by the state (the Republic of Kazakhstan or an administrative-territorial unit) of rights to property by expropriation of property for state needs shall be carried out in the order and on conditions that are established by this Law and other laws of the Republic of Kazakhstan.

2. Acquisition of property by expropriation of property for state needs shall be carried out using budget funds or other state property in accordance with this Law and other laws of the Republic of Kazakhstan.

3. A property acquired by the state by expropriation of property for state needs shall come to state treasury or local treasury.

Article 29. Acquisition of the right of state ownership of treasure

1. Unless otherwise established by this article, the treasure found on a land plot or in other immovable property that is in state ownership, in accordance with paragraph 1 of Article 247 of the Civil Code of the Republic of Kazakhstan, enters in equal shares into the ownership of the state and the person who discovered treasure, since the contract between them does not provide otherwise.

2. Relations related to the discovery of a treasure containing things related to cultural values are regulated by the legislation of the Republic of Kazakhstan on the protection and use of objects of historical and cultural heritage.

Footnote. Article 29 as amended by the Law of the Republic of Kazakhstan dated 26.12.2019 No. 289-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 30. The acquisition of state property rights to finding

1. A thing found in premises or transportation that is owned by the state, or thing with an unknown owner's location, shall go to a district communal property on a general basis in accordance with Article 245 of the Civil Code of the Republic of Kazakhstan.

2. In case as provided for by the second part of paragraph 4 of Article 245 of the Civil Code of the Republic of Kazakhstan, the finding shall be transferred to district communal property.

In case of transition of things to district communal property a finder shall have a right to compensation of necessary expenses connected with storage, delivery and implementation of things from local executive bodies of regions, cities of regional significance.

Article 31. The acquisition of state property rights to unattended animals

1. On refusal of a person that manage and use unattended animals, from acquisition of property rights to unattended animals they shall go to district communal property and shall be used in the order established by relevant local executive bodies of regions, cities of regional significance.

2. In cases of appearance of a prior owner of animals after their transferring to state property a prior owner shall have a right to in a case where circumstances are present that indicate attachment of animals to original owner, or cruel or another

improper treatment of them by a new owner, to require their return to him on conditions to be established by an agreement with relevant local executive bodies of regions, cities of regional status, and in cases of remaining at odds in a judicial proceeding.

Article 32. The acquisition of state property rights to unauthorized construction

In recognition of socio-economic viability an unauthorized construction, erected by entity on land plots (not formed in land plots, belonged to the state lands) owned by the state and that are not in land use, may be transferred to district communal ownership, with compensation of expenses of construction in amount determined by court.

In implementation of unauthorized construction on a land plot that is under state's land use, taking into account socio-economic viability of the unauthorized construction may be transferred to district communal ownership, with compensation of expenses of construction in amount determined by court from state budget.

Article 33. The receipt to composition of state property of ownerless cultural and historic monuments, cultural values

1. In cases of waif containing by an owner of cultural and historical monuments, cultural values comprised as particularly valuable and protected by the state in accordance with the legislation of the Republic of Kazakhstan that are in threat of loss of their significance by decision of a court shall be seized from an owner by the state through repayment.

2. On repayment of historical and cultural monuments, cultural values an owner shall be compensated for their costs in amount established by agreement of the parties, and in case of dispute be settled judicially.

3. The confiscation from the owner of mismanaged historical and cultural monuments is carried out according to the results of state control in the field of protection and use of objects of historical and cultural heritage.

State control in the field of protection and use of objects of historical and cultural heritage is carried out in order to ensure that individuals and legal entities comply with the legislation of the Republic of Kazakhstan on the protection and use of objects of historical and cultural heritage and the transfer of wastefully kept monuments of history and culture into state ownership.

4. State control over the use and maintenance of historical and cultural monuments of international and republican significance is carried out by the authorized body for the protection and use of objects of historical and cultural heritage, and historical and cultural monuments of local significance - by local executive bodies of regions, cities of republican significance, the capital.

5. In the event that, in the course of state control over the use and maintenance of historical and cultural monuments, facts of their mismanagement are discovered, the relevant authorized bodies issue an order on violation of the obligation to ensure the preservation of historical and cultural monuments and to eliminate such violations within the period specified in the order:

to the owner of historical and cultural monuments of international and republican significance - the authorized body;

to the owner of historical and cultural monuments of local importance - local executive bodies.

6. In case of improper maintenance and preservation of cultural values, included into a state register of national cultural heritage, an authorized body in field of culture shall issue a notice to an owner of cultural values on violation of obligations on preservation of cultural values and elimination of such violations within specified in a notice period.

7. In case of not remedying a failure by an owner of historical and cultural monuments and cultural values violation of obligation securing their safety a plaint to a court on seizure of historical and cultural monuments, cultural values from an owner shall be sued:

in respect of historical and cultural monuments of international and republican values, cultural values by an authorized body;

in respect of historical and cultural monuments of local values, cultural values by local executive bodies of regions, cities of republican state and capital.

8. In case of seizure by the state under a decision of court of historical and cultural monuments of international and republican values, cultural values, they shall go to composition of republican property, and cultural monuments of, cultural values local importance to composition of communal property.

Footnote. Article 33 as amended by the Law of the Republic of Kazakhstan dated December 26, 2019 No. 289-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 34. The acquisition of state property rights to agricultural land that is in private ownership

Acquisition of state property rights to agricultural land that is in private ownership on seizure from citizenship of the Republic of Kazakhstan of citizen that owned land plot shall be carried out in accordance with the Land Code of the Republic of Kazakhstan.

Article 35. The emergence of rights to state property in cases of restitution under termination or modification of an agreement or invalidation of a contract

1. In cases of a termination or modification of a contract, on basis of that state property has been transferred to private ownership of individuals or legal entities prior to termination or modification of a contract, parties shall not be entitled to claim a return of executed by them under an obligation prior to termination or modification of a contract, unless otherwise provided for by laws of the Republic of Kazakhstan or by agreement of the parties.

2. In case of judicial acceptance of a contract as invalid one, on basis of that state property has been transferred to private ownership of individuals or legal entities, such property shall be returned to the state, and under impossibility of returning property specifically, its cost shall be compensated in money.

Article 36. Presumption of law to state property

1. On absence of a dispute about recognition of right to building, construction, or other immovable property put on balance of state legal entity prior to introduction of system of state registration of rights to immovable property in the Republic of Kazakhstan, right of state ownership to property, in case of absence of the necessary legal documents may be confirmed by documents of an authorized body on state property (local executive body) about finding such property in composition of state property. In cases of arising of a dispute recognition of a right of ownership to this property shall be realized by judicial procedure on basis of a claim of an interested person.

2. All historical and cultural monuments, located on the territory of the Republic of Kazakhstan and not being the property of individuals and legal entities shall be the property of the Republic of Kazakhstan.

Footnote. Article 36 as amended by the Law of the Republic of Kazakhstan dated 28.10.2015 № 368-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 4. THE REQUISITION

Paragraph 1. The requisition in an emergency of natural and man-caused character

Article 37. General provisions on the requisition in an emergency of natural and man-caused character

1. Requisition in an emergency of natural and man-caused character shall be carried out only in exceptional cases, in absence or insufficiency of government reserve of material and technical, commodity, medical and other resources created to provide guaranteed protection of population, environment and objects of economy from emergency situations of natural and man-caused character.

2. Requisition in an emergency of natural and man-caused character shall be limited to a zone of an emergency (defined territory where an emergency situation

occurred) and (or) a period of case of emergency introduced in an emergency zone in accordance with the legislation of the Republic of Kazakhstan. Requisition in an emergency shall not be allowed outside an emergency zone or emergency period.

3. Requisition in an emergency of natural and man-caused character shall be allowed in relation to property of individuals or legal entities irrespective from citizenship or place of state registration that is necessary for securing an emergency recovery of natural and man-caused character.

Article 38. Basic objectives and conditions of the requisition in an emergency of natural and man-caused character

1. Requisition in an emergency of natural and man-caused character shall be carried out to provide work on liquidation in an emergency of natural and man-caused character including providing population suffered from emergency of natural and man-caused character with food, medicines, premises, creating conditions for sustainable functioning of national economy, and settlement of financial problems occurring on the liquidation of emergency of natural and man-caused character.

2. Compensation to an owner of requisitioned property by market price of property shall be determined at an option of an owner of property as on the date of the requisition, or the day of reimbursement of a cost of property.

3. The Government of the Republic of Kazakhstan shall determine a list of organizations property of that may not be requisitioned in an emergency of natural and man-caused character in accordance with international treaties ratified by the Republic of Kazakhstan.

4. Particularities of requisition of certain types of property shall be established by laws of the Republic of Kazakhstan.

Article 39. The grounds of the requisition in an emergency of natural and man-caused character

1. In case of emergency of natural and man-caused character requisition shall be allowed in accordance with plans of local executive bodies on priority actions for localization and liquidation of emergencies of natural and man-caused character, that is developed in accordance with the Law of the Republic of Kazakhstan "On emergencies of natural and man-caused character" and other laws of the Republic of Kazakhstan.

2. On introduction of emergency rule in zones of emergency of natural and man-caused character requisition shall be permitted on basis and in accordance with a decree of the President of the Republic of Kazakhstan on introduction of emergency rule to performance the necessary rescue and accident-restoration activities.

3. Requisition under emergency of natural and man-caused character shall also be permitted on performing of necessary rescue and accident-restoration activities on the basis of a decision of head of liquidation of emergency situations.

Article 40. The order of the requisition in an emergency of natural and man-caused character

1. General management and requisition secure in emergency of natural and man-caused character, depending on a type (object, local, regional and global) and classification of emergency situations that are established by the Government of the Republic of Kazakhstan shall be carried out by head of liquidation of emergency situations.

2. Requisition shall be carried out on basis of decisions of local executive bodies of regions, cities of republican significance, capital, districts, and cities of regional significance.

Requisition on performing rescue and accident-restoration activities in an emergency area of natural and man-caused character, and also on introduction of emergency rule in emergency zones of natural and man-caused character may be carried out considering particularities established by Articles 42 and 43 of this Law.

3. A decision of local executive body on requisition shall be made on basis of a decision of head of liquidation of emergency situations of natural and man-caused character.

4. A decision shall contain information about a property required for securing of activities on liquidation of emergencies of natural and man-caused character.

5. A decision on requisition shall contain:

1) list of property subjected to requisition, information about owner and location of property, and also collecting point of requisitioned property and other information about requisitioned property;

2) personal composition of officials, that are responsible for control and requisition secure in emergency zone of natural and man-caused character;

3) personal composition of officials, that are authorized to carry out seizure of property in emergency zone of natural and man-caused character;

4) number and personal composition of evaluating commission, that shall include at least one evaluator;

5) terms of enforcing a requisition;

6) terms of payment of compensation;

7) other information, required for enforcing a requisition.

6. If so required, including cases of changing of a list of requisitioned property, personal composition of officials or evaluating commission a decision on requisition shall be made relevant modifications.

7. A decision on requisition and all further amendments and addition to it shall be published not later than within two days from the moment of acceptance in mass media, as well as placement in accessible for free insight places in emergency zones of natural and man-caused character.

Article 41. Seizure of property for that the decision on requisition has been made

1. Prior to seizure of property an owner of property shall be familiarized with a decision on requisition under personal signature.

2. Seizure of property shall be carried out by authorized official in presence of a property owner (or his authorized representative) and members of an evaluation committee on the basis of an act on requisition.

3. An act on the requisition shall contain:

1) basis of enforcing requisition specifying reference details of a decision on the requisition;

2) time and place of seizure of property;

3) information about officials, conducting a requisition in composition and number of members of an evaluation committee, about an owner of requisitioned property, and other persons presenting during seizure of a property;

4) description of requisitioned property specifying weight, measure, quality and kind of packaging, legal documents, information about state registration and other specific characteristics;

5) information about evaluation of property and extent of compensation;

6) term of payment of compensation and indication of relevant enforcement body, funded from a local budget, that provide its payment, specifying responsible official;

7) other necessary information about requisition and requisitioned property.

4. An act on requisition shall be completed not less than in two copies, signed by authorized officials, members of an evaluation commission and a property owner or his authorized representative and one copy is shall be to an owner of requisitioned property or his authorized representative. The second copy shall be sent by an authorized official in order established by the legislation of the Republic of Kazakhstan, with a report to local executive bodies of regions, cities of republican significance, capital, districts, and cities of regional significance.

Article 42. Particularities of the requisition upon introduction of emergency regime in emergency zones of natural and man-caused character

1. Upon introduction of emergency regime in emergency zones of natural and man-caused character head of rescue service shall carry out activities to eliminate the emergencies of natural and man-caused character and is entitled to enforce a requisition of necessary property for necessary rescue and accident-restoration activities under his personal responsibility.

2. Seizure of property shall be carried out on basis of an act on requisition that shall contain:

1) basis of enforcing a requisition;

2) time and place of seizure of property;

3) information about official enforcing a requisition specifying a position, title and name as well as details of order on appointment of authorized to requisition persons, owner requisitioned property, of other persons present during seizure;

4) description of requisitioned property specifying weight, measure, quality and kind of packaging, legal documents, information about state registration and other specific characteristics;

5) information about evaluation of property and extent of compensation;

6) other necessary information about requisition and requisitioned property.

3. One copy of an act on requisition shall be issued to an owner of requisitioned property or his authorized representative.

4. About enforced requisition a report that is sent to the authorized body in field of emergency situations of natural and man-caused character and local executive bodies of regions, cities of republican significance, capital, districts, and cities of regional significance with accompanying acts on requisition in accordance with the legislation of the Republic of Kazakhstan shall be written.

Footnote. Article 42 as amended by the Law of the Republic of Kazakhstan dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 43. The requisition upon performing rescue and accident-restoration activities in emergency zone of natural and man-caused character

1. In exceptional cases, on performing rescue and accident-restoration activities in emergency zone of natural and man-caused character requisition shall be carried out independently by head of detachments (subdivision, crew) for needs of certain detachments (subdivisions) of emergency services or emergency medical care.

2. Seizure of property shall be carried out on basis of an act on requisition, that shall contain:

1) indication of exceptional circumstances giving rise to requisition;

2) time and place of seizure of property;

3) information about an official enforcing a requisition specifying a position, title and name as well as details of order on appointment of authorized to requisition persons, owner requisitioned property, of other persons present during seizure;

4) description of requisitioned property specifying weight, measure, quality and kind of packaging, legal documents, information about state registration and other specific characteristics;

5) other necessary information about requisition and requisitioned property.

3. One copy of an act on requisition shall be issued to an owner of requisitioned property or his authorized representative.

4. A chief of detachment (subdivision, crew) of emergency services or emergency medical care shall immediately notify the authorized body in field of emergency situations of natural and man-caused character about enforcing a requisition with accompanying report and act on requisition.

Footnote. Article 43 as amended by the Law of the Republic of Kazakhstan dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 44. Restitution of requisitioned property under emergency of natural and man-caused character

1. An owner of requisitioned property at termination of emergency regime in emergency zones of natural and man-caused character or termination of emergency situation of natural and man-caused character shall be entitled to demand by judicial procedure a return of remaining property by rules provided for by this Article.

2. An owner of requisitioned property that has not received compensation for exempt property shall be entitled to demand at his own choice a return of property and compensation of losses or providing full compensation. The same right has an owner that received a partial refund. On return of property to an owner, that received a partial refund, compensation of losses shall be performed taking into account paid amount.

3. An owner of requisitioned property, that received compensation in full, shall have a right to privileged redemption of remaining property for price of property on the day of return, but not above price of received compensation.

4. Particularities of return to an owner of requisitioned property of certain types of property shall be established by the Land Code of the Republic of Kazakhstan, law of the Republic of Kazakhstan “On housing relations”, and other laws of the Republic of Kazakhstan.

Article 45. Payment of damages for a requisitioned property

1. Payment of damages for a requisitioned property from budgetary funds shall be paid in accordance with the Budget Code of the Republic of Kazakhstan.

2. Compensation should be paid within terms specified in a decision on requisition, but not later than sixty calendar days from the moment of signing the act on the requisition.

3. In case of delay in payment of compensation in amount of debt penalty shall be charged in amount calculated on basis of official refinance rate of the National Bank of the Republic of Kazakhstan on the day of actual payment.

Article 46. Requisitioned property record in emergency of natural and man-caused character

1. State body, carrying out requisition on emergency of natural and man-caused character, shall be obliged to register requisitioned property, that shall contain a list of exempt property and information about detachments (subdivisions) of rescue services or other organizations, that has been transferred requisitioned property for its use.

2. An order of accounting of requisitioned property, that is transferred for needs of securing of activities on liquidation of emergencies of natural and man-caused character, and also on carrying out of rescue and accident-restoration activities, shall be determined by the Government of the Republic of Kazakhstan and shall be organized by an authorized body in field of emergency situations of natural and man-caused character.

Footnote. Article 46 as amended by the Law of the Republic of Kazakhstan dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 47. Guarantee of an owner's rights on the requisition

1. Disputes that have arisen during production of requisition shall be decided in accordance with the legislation of the Republic of Kazakhstan.

2. A decision on requisition and also evaluation and extent of compensation for requisitioned property, including compensation of losses may be challenged by an owner of requisition property in a judicial proceeding.

3. A period of prescription shall not be extended to requirements of an owner of requisitioned property on reimbursement of costs of property and losses caused by requisition.

Paragraph 2. Particularities of the requisitions for defense needs in the period of martial law and wartime.

Article 48. The grounds and order of the requisition for defense needs in the period of martial law

1. On imposing martial law and declaration of mobilization (total or partial) requisition for defense needs shall be carried out in case of recent needs in property, that has not been foreseen by mobilization plan of the Republic of Kazakhstan and

plan of production of goods, performing works and providing services for a relevant period.

2. Requisition for defense needs in a period of a martial law shall be carried out on basis of an instruction of General staff of Armed Forces of the Republic of Kazakhstan.

3. Requisition for defense needs shall be carried out on basis of decisions of local executive bodies of regions, cities of republican state, capital, districts, and cities of regional status on basis of an instruction of General staff of Armed Forces of the Republic of Kazakhstan.

4. General management and coordination of activity of bodies of military administration and military units on requisition for defense needs shall be carried out by the General staff of Armed Forces of the Republic of Kazakhstan on basis of the Law of the Republic of Kazakhstan "On defense and Armed Forces of the Republic of Kazakhstan", other laws of the Republic of Kazakhstan, military service manuals of the Armed Forces of the Republic of Kazakhstan, other troops and fighting units of the Republic of Kazakhstan, as well as orders of Supreme Commander-in-Chief of the Armed Forces of the Republic of Kazakhstan.

Footnote. Article 48 is in the wording of the Law of the Republic of Kazakhstan dated 16.02.2012 No 562-IV (shall be enforced upon expiry of ten calendar days after its first official publication)

Article 49. Property subject to requisition for defense needs

1. On imposing martial law and declaration of mobilization (total or partial) subject to requisition shall be transport vehicles and another property necessary for defense needs.

2. On imposing martial law and declaration of mobilization (total or partial), where required requisition as a measure of securing regime of martial law, a list of property subject to requisition shall be determined by the General staff of the Armed Forces of the Republic of Kazakhstan.

3. List of organizations a property of that may not be requisitioned for defense needs in accordance with international treaties ratified by the Republic of Kazakhstan shall be determined by the Government of the Republic of Kazakhstan.

4. List and norms of property of individuals, that are not subject to requisition, shall be determined by the Government of the Republic of Kazakhstan in accordance with rules of supply of population of the Republic of Kazakhstan in wartime, approved by the Government of the Republic of Kazakhstan.

Footnote. Article 49 as amended by the Law of the Republic of Kazakhstan dated 16.02.2012 No.562-IV (shall be enforced upon expiry of ten calendar days after its

first official publication).

Article 50. Particularities of requisition for defense needs in wartime

1. In wartime an area where conducted warfare and not valid local executive bodies, the General staff of the Armed Forces of the Republic of Kazakhstan shall independently carry out requisition of property that is required for defense needs with subsequent notification of the Government of the Republic of Kazakhstan about it. To enforce a requisition General staff of the Armed Forces of the Republic of Kazakhstan shall issue regulations to local bodies of military administration or commanders of military units (chiefs of institutions) that enforce a requisition.

2. Seizure of property shall be carried out on basis of an act on requisition, that shall contain:

1) basis of enforcing a requisition specifying reference details of exigency of General staff of the Armed Forces of the Republic of Kazakhstan;

2) time and place of seizure of a property;

3) information about official enforcing a requisition specifying a position, title and name as well as details of order on appointment of authorized to requisition persons, owner requisitioned property, of other persons present during seizure;

4) description of requisitioned property specifying weight, measure, quality and kind of packaging, legal documents, information about state registration and other specific characteristics;

5) information about evaluation of property and extent of compensation;

6) other necessary information about requisition and requisitioned property.

3. About enforced requisition shall be written a report that is sent to the General staff of the Armed Forces of the Republic of Kazakhstan with accompanying acts on the requisition.

Footnote. Article 50 is in the wording of the Law of the Republic of Kazakhstan dated 16.02.2012 No. 562-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 51. Particularities of the requisition for defense needs on conducting warfare

1. In exceptional cases in zones of conduction warfare requisition for defense needs of certain military units shall be carried out independently by command officer of military unit.

2. Seizure of property shall be carried out on basis of an act on requisition, that shall contain:

1) specifying about exceptional cases constituted a ground for requisition;

2) time and place of seizure of property;

3) information about a command officer of military unit enforcing a requisition with specification of position, title and name as well as details of a written order on appointment of authorized to requisition persons, and if requisition is conducted by appointed person, information about an owner requisitioned property, of other persons present during seizure;

4) description of requisitioned property specifying weight, measure, quality and kind of packaging, legal documents, information about state registration and other specific characteristics;

5) other necessary information about requisition and requisitioned property.

3. One copy shall be given to an owner of requisitioned property or his authorized representative.

4. A command officer of military unit shall immediately notify the General staff of the Armed Forces of the Republic of Kazakhstan about an enforced requisition with report and acts on requisition attached thereto.

Footnote. Article 51 as amended by the Law of the Republic of Kazakhstan dated 16.02.2012 No.562-IV (shall be enforced upon expiry of ten calendar days after its first official publication)

Article 52. Payment of compensation for requisitioned property for defense needs

1. General staff of the Armed Forces of the Republic of Kazakhstan shall immediately notify the Government of the Republic of Kazakhstan about an enforced requisition for defense needs with attachment of reports on seizure of property and acts on requisition for subsequent provision of compensation to owners of the requisitioned property.

2. Compensation for requisitioned property for defense needs shall be paid from budget funds in accordance with the Budget Code of the Republic of Kazakhstan.

3. An order of compensation by the state of a cost of requisitioned and also provided for defense needs property of individuals and legal entities shall be determined by the Government of the Republic of Kazakhstan.

Footnote. Article 52 as amended by the Law of the Republic of Kazakhstan dated 16.02.2012 No.562-IV (shall be enforced upon expiry of ten calendar days after its first official publication)

Article 53. Record of property subjected to the requisition for defense needs and requisitioned property for defense needs

1. In peacetime, in accordance with needs of the Armed Forces of the Republic of Kazakhstan on wartime, local executive agencies shall perform are record of transport vehicles and another property that may be requisitioned for defense needs.

2. Record of property specified in paragraph 1 of this Article shall be based on information of state bodies that are carry out state registration of certain types of property and state agencies that conduct departmental and national statistical supervision.

3. An order of granting information by state bodies that carry out state registration of certain types of property, and state bodies that conduct departmental and national statistical supervision, to local executive bodies concerning property subjected to requisition for defense needs, shall be determined by the Government of the Republic of Kazakhstan.

4. Record of property that is subjected to requisition for defense needs, shall not in peacetime restrict a right of free possession, use and (or) disposal of this property.

5. Primary record of requisitioned property shall be conducted by local military authorities or command officers of military units (heads of institutions), that carried out a requisition that shall guide a list of seizure property and information about military units or other organizations, that has been transferred for use of requisitioned property.

6. An order of record of requisitioned property that has been transferred for defense needs shall be established by the Government of the Republic of Kazakhstan and shall be organized by the General staff of the Armed Forces of the Republic of Kazakhstan.

Footnote. Article 53 as amended by the Law of the Republic of Kazakhstan dated 16.02.2012 No.562-IV (shall be enforced upon expiry of ten calendar days after its first official publication)

Chapter 5. NATIONALIZATION

Article 54.Principles of nationalization

1. Nationalization may be carried out in public interests to secure the national security of the Republic Kazakhstan, with observance of due legal procedure and done without discrimination, upon condition of prior and fair compensation by the Republic of Kazakhstan of market price nationalized property and other damages.

2. Nationalization shall be an exceptional case (exclusive form) of alienation of property owned by individuals and non-state legal entities, and shall be executed only after exhaustion of all other possible forms of alienation of property, provided under the Civil Code of the Republic of Kazakhstan.

3. Nationalization shall be carried out subject to publicity of nationalization procedure.

Article 55. The ground for nationalization

Nationalization shall be carried out on basis of the Law of the Republic of Kazakhstan about state appropriation of property that is in a private property of individuals and legal entities (hereinafter - the law of the Republic of Kazakhstan on the nationalization).

Article 56. The amount of compensation of costs of nationalized property

1. On nationalization refundable shall be a cost of nationalized property in accordance with paragraph 4 of Article 249 and with Article 266 of the Civil Code of the Republic of Kazakhstan.

2. Amount of compensation that is to be paid to an owner nationalized property shall be determined proceeding from market cost of property.

3. Amount of compensation shall be determined at the date of evaluation.

Footnote. Article 56 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 57. The order of payment of compensation

1. Compensation of cost of property and other losses shall be made on a full scale prior to transferring ownership of nationalized property to the Republic of Kazakhstan.

2. Compensation shall be paid in cash in the national currency of the Republic of Kazakhstan that is tenge, and in cases provided for by international treaties ratified by the Republic of Kazakhstan in foreign currency.

3. The compensation shall be paid from budget funds.

4. Compensation by another property shall be permitted by an agreement between the Republic of Kazakhstan represented by an authorized body on state property and owner of property. Specified agreement shall be concluded in written form.

5. Compensation shall be paid one-time, and carrying out nationalization, that provide payment by installments of compensation shall not be allowed.

6. An actual transfer of nationalized property may be made only after obtaining of fair compensation by an owner and other persons rights of that in relation to nationalized property shall be terminated or restricted in case of nationalization.

Article 58. The acquisition of rights by the Republic of Kazakhstan to nationalizing property

Acquisition of rights by the Republic of Kazakhstan to nationalized property shall be carried out according to the procedure, provided for by the Civil Code of the Republic of Kazakhstan, the Land Code of the Republic of Kazakhstan, the Law of the

Republic of Kazakhstan “On housing relations” and other laws the Republic of Kazakhstan.

Article 59. Functions of state bodies on nationalization

1. An authorized body on state property shall perform all necessary actions that are related to an actual adoption of nationalized property.

2. An authorized body on state property shall include information about nationalized property to a register of state property.

3. The Government of the Republic of Kazakhstan on behalf of the Republic of Kazakhstan shall exercise a right of an owner of nationalized property.

4. The Government of the Republic of Kazakhstan shall settle nationalized property on republican legal entity or by the rules of Article 114 of this Law shall transfer to payment of shares or stakes of participating of specially created joint stock company or limited liability partnerships with absolute participation of the state, or national managing holding or national holding or national company.

5. An authorized body on state property shall manage nationalized property until its transfer in the order established by paragraph 4 of this Article.

6. Since transfer of nationalized property an authorized body on state property shall exercise control over an efficient use of nationalized property settled on republican legal entities.

Article 60. Protection of rights of an owner of nationalized property

Protection of rights of an owner nationalized property and of other people, rights of that in relation to nationalized property shall be terminated or restricted in case of in a judicial proceeding in accordance with the laws of the Republic of Kazakhstan.

Chapter 6. EXPROPRIATION OF LAND PLOT OR OTHER IMMOVEABLE PROPERTY DUE TO THE FACT OF THE SEIZURE OF A LAND PLOT FOR STATE NEEDS.

Footnote. Throughout the text of Chapter 6, the words “seized”, “seizure”, “seizure”, “seized” shall be replaced by the words “alienated”, “alienation”, “alienation”, “alienated” in accordance with the Law of the Republic of Kazakhstan 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 61. The subject and general conditions of expropriation of land plot or other immovable property due to the fact of seizure of a land plot for state needs

1. Expropriation of land plot or other immovable property due to the fact of a seizure of a land plot for state needs may be exercised only in respect of a land plot.

In case of a private property right to land plot may not be justified on basis of information from a legal cadastre and (or) documents of title, an expropriation for state needs shall be made in respect of buildings, constructions and other objects of

real estate (housings, residential houses (residential buildings), residential premises (flats), non-residential premises), located on current land plot.

2. Expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs may be made subject to transparency of procedure for expropriation. A lack of transparency requirements by an owner of the alienated property shall be the ground for denial of alienation of property for state needs.

3. Since receipt of a notice by an owner or non-state land user on expropriation of a land plot or other immovable property due to the fact of a seizure of land for state needs, the state shall have a priority right of its purchase.

4. Protection of rights of an owner of alienated property for state needs shall be carried out in a judicial proceeding.

5. An owner or non-state land user of alienated land plot for state needs after acceptance of the Decree by the Government of the Republic of Kazakhstan or local executive authority specified in Paragraph 2 of Article 63 of this Law shall be entitled to initiate the conciliatory procedures in accordance with Article 69 of this Law.

6. Rules on expropriation of a land plot or other immovable property due to the fact of a seizure of land plot for state needs shall also apply to cases of location of land plot in land use of individual or non-state legal entity in recognition of the peculiarities provided by Article 67 of this Law.

Footnote. Article 61 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 62. Principles of carrying out expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs

1. Expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs shall be an exceptional case of alienation of property owned by individuals and non-state legal entities, and may only be exercised on impossibility of use of any other possible cases of alienation of property, provided by the Civil Code of the Republic of Kazakhstan and the Laws of the Republic of Kazakhstan.

2. Expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs shall not be allowed if available other (alternative) ways to meet state needs.

3. Any seizure of property, pursuing commercial aims of non-state legal entities and aims of satisfying non-state interests or other seizure of property not arising from objectives of exercising of state functions and not pursuing socially significant goals shall not be recognized as seizure of property for state needs. In these cases, alienation

of property shall be allowed by an agreement between a property owner and an entity pursuing commercial aims, on basis of buy and sell agreement of property between them.

4. Expropriation of land plot or other immovable property due to the fact of seizure of land for state needs shall be permitted only in an extent necessary to meet state needs.

5. Non-compliance of provisions of this Article shall be a basis for court's denial of expropriation of a land plot or other immovable property due to the fact of seizure of land plot for state needs and cancellation of an adopted resolution, specified in Paragraph 2 of Article 63 of this Law.

Article 62-1. Conditions of equivalent compensation for expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs

1. Equivalent compensation in relation to this Article means setting the amount of compensation of the value of land plot alienated for state needs and immovable property located on it (if any), allowing to restore the conditions of use of land plot and immovable property located on it until the time of seized.

2. For land property alienated for state needs, an owner or a non-state land user shall be given equivalent compensation.

3. An equivalent compensation shall be made in one of the following ways:

1) provision of other land property or immovable property in the manner and conditions established by this Law;

2) compensation of market value of alienated land plot or other immovable property due to the fact of seizure of the land plot for state needs in the manner and conditions established by this Law.

Footnote. Chapter 6 is supplemented by Article 62-1 in accordance with the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 62-2. Conditions for granting an equivalent land plot or other immovable property due to the fact of seizure of land plot for state needs

1. The granting of an equivalent land plot to an owner or non-state land user shall be carried out taking into account the location of alienated land plot, its intended purpose, and square with compensation of damages (if any).

In this respect, an equivalent land plot must be granted within the settlement in which the land plot shall be alienated. The location of such a land plot within the settlement shall be determined in the draft agreement on alienation of a land plot for state needs, directed in accordance with Article 64 of this Law.

2. In case of demolition of a residential house due to the fact of seizure of land plot for state needs, the granting of other immovable property shall be made in the manner established by the Law of the Republic of Kazakhstan "On Housing Relations".

3. The granting of an equivalent land plot to an owner or non-state land user shall be carried out in accordance with the manner established by Article 43 (with the exception of the requirements of Subparagraphs 1), 2), 3), 4) and 5) of Paragraph 1) of the Land Code of the Republic of Kazakhstan.

In this respect, the costs of land management in granting of an equivalent land plot to an owner or non-state land user shall be financed from budget funds.

4. The price of the granted state-owned land plot in exchange shall be determined by the appraiser at its market value after valuation of the alienated land plot or other immovable property due to the fact of seizure of the land plot for state needs.

5. If the value of alienated land plot shall be higher than the value of the land plot granted in exchange, then the difference in its value shall be reimbursed to the owner.

Footnote. Chapter 6 is supplemented by Article 62-2 in accordance with the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 63. Beginning and termination of expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs

1. About beginning of an expropriation of a land plot or other immovable property due to the fact of seizure of land plot for state needs in exceptional cases, provided by Article 84 of the Land Code of the Republic of Kazakhstan a resolution of the Government of the Republic of Kazakhstan or local executive authority shall be adopted in accordance with a competence, stipulated by the Land Code of the Republic of Kazakhstan.

2. In a resolution about beginning of an expropriation of a land plot or other immovable property due to the fact of seizure of land plot for state needs shall be shown:

- 1) purpose and grounds of expropriation for state needs;
- 2) location, square, cadastral number of a land plot;
- 3) an owner of a property or non-state land user;
- 4) date of an expropriation, but not earlier than three months from the date of official publication of this resolution;
- 5) place of application of an owner or non-state land user for implementation of mediation procedures.

In case of making alterations to the resolution in part of Subparagraphs 2) and 4) of this Paragraph, the procedure of expropriation for state needs shall be repeated from the date of publication of a resolution on amendments and additions to the given regulation.

Specified resolution if necessary shall contain other information concerning expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs.

3. In cases of an adoption of a resolution specified in Paragraph 2 of this Article shall be within competence of a superior executive authority, preparation of materials for an adoption of this resolution, as well as for bringing a suit in court and legal representation in court shall carry out inferior executive authority at the place of location of a land plot.

4. An executive authority, that adopted a resolution specified in Paragraph 2 of this Article, shall be entitled to terminate a process of expropriation for state needs, by adopting resolution on termination of expropriation for state needs.

5. Specified in Paragraphs 2 and 4 of this Article resolutions shall be published respectively in the republican or local mass media including Internet resources of executive authorities, within three working days from the moment of their adoption.

6. A resolution specified in Paragraph 2 of this Article may be appealed may be appealed in the manner established by the legislation of the Republic of Kazakhstan.

7. If a private property right to land plot in the manner established by the legislation of the Republic of Kazakhstan, shall not be registered, an owner after adoption of a resolution specified in Paragraph 2 of this Article may carry out necessary activities to confirm a private property right to land plot in respect of that has been adopted a resolution.

Whereas a term of expropriation for state needs, established by the resolution specified in Paragraph 2 of this Article shall be extended for no more than one year.

Footnote. Article 63 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 64. The order of notification about expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs

1. An executive authority or on behalf of the superior agency of an executive inferior authority shall be obliged to direct no later than three calendar days after publication of a resolution specified in Paragraph 2 of Article 63 of this Law to an owner or non-state land user a written notification about expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs

(hereinafter referred to as - notification about expropriation of land plot for state needs) by post requiring a notice of receipt of posting. In case of an absence of a receipt notice of post sending a document specified in this Paragraph shall be directed again.

2. The notification about expropriation of land plot for state needs shall include:

1) information on the adopted resolution specified in Paragraph 2 of Article 63 of this Law (with an attachment of copy of the resolution);

2) information about an owner or non-state land user;

3) location, square, cadastral number of alienated land or other immovable property;

4) information on the procedure for determining the amount of compensation at market value;

5) information on the possibility of choosing one of the ways of equivalent compensation;

6) information on the procedure for signing an agreement on alienation of a land plot for state needs, as well as an explanation of judicial procedure for resolving the issue of expropriation upon refusal to enter into an agreement;

7) the terms for providing copies of title and identification documents to the alienated land plot or other immovable property for the organization of their assessment.

Specified notification, if necessary, may contain other information related to expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs.

3. Mediation procedures may be initiated by the owner or a non-state land user in accordance with Paragraph 1 of Article 69 of this Law.

4. The owner or non-state land user to familiarize with the notification specified in Paragraph 2 of this Article, as well as to provide copies of title and identification documents for a land plot or other immovable property shall be provided not less than fifteen calendar days from the date of receipt of the notification.

5. The notification on expropriation of land plot for state needs as a legal claim shall be subject to state registration in accordance with the Law of the Republic of Kazakhstan "On state registration of rights to immovable property".

Footnote. Article 64 is in the wording of the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 65. Expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs

1. Expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs shall be carried out after an expiration of periods, established in the resolution specified in Paragraph 2 of Article 63 of this Law, with a consent of an owner or non-state land user, unless otherwise provided by the Laws of the Republic of Kazakhstan or by court decision.

2. Expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs for implementation of concessional projects may be carried out by local executive authorities at the expense of funds of concessionaire, on conditions of transferring to a concessor redeemed by them land plots on terms and conditions stipulated by a concession agreement, but not later transfer of a concession or of unfinished construction of an object of concession to state ownership.

3. Basis of expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs shall be an agreement on alienation of a land plot for state needs or a decision of a court.

Unchallenged in court or unreversed in accordance with paragraph 4 of Article 63 of this Law a resolution specified in Paragraph 2 of Article 63 of this Law, and also violation of procedure established by Paragraphs 7, 8, 9 and 11 of this Article may not be basis for carrying out expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs.

4. Termination of a private property right and land use rights, as well as a state's right to land plot and other immovable property shall be subject to state registration with an agency carrying out state registration of rights to immovable property, in the manner established by the legislation of the Republic of Kazakhstan, on basis of an agreement on alienation of a land plot for state needs or court decisions and statements of the agency, that adopted a resolution specified in Paragraph 2 of Article 63 of this Law.

5. Local executive authority shall, within one month from the date of receipt of copies of title and identification documents for an alienated land plot or other immovable property, conduct their assessment.

If the owner or non-state land user shall not provide copies of title and identification documents for the alienated land plot or other immovable property, the local executive body shall have the right to request them from the authorized state agency and (or) organizations.

6. Based on the results of assessing the value of property alienated for state needs, the local executive body shall prepare a draft agreement on alienation of a land plot for state needs within ten working days and send it to the owner or to a non-state land user

by post requiring a notice of receipt of posting. In case of an absence of a receipt notice of post sending a document specified in this Paragraph shall be directed again.

7. An agreement on alienation of a land plot for state needs shall contain:

1) parties to the contract, including the list of persons, rights of that in connection with seized property shall be terminated or limited;

2) identification characteristics of alienated land plot or other immovable property and their composition, including structures, construction of which shall not be completed;

3) rights to a land plot or other immovable property, which shall be terminated;

4) price for an alienated land plot, determined in accordance with the procedure established by Article 87 of the Land Code of the Republic of Kazakhstan and Article 67 of this Law;

5) amount of refundable damages, including a cost of immovable property, in case of their being inflicted in connection with an expropriation;

6) deadline and procedure for payment of a price (cost) for alienated land plot or other immovable property due to the fact of seizure of land for state needs;

7) deadline for transfer of alienated land plot and other immovable property;

8) order of financing of state expenditures to expropriation of land plot or immovable property due to the fact of seizure of land plot for state needs.

8. In the case of granting an equivalent land plot instead for the alienated land plot for state needs in the agreement on alienation, in addition to the requirements contained in Paragraph 7 of this Article, the following shall be indicated:

1) identification characteristics of a land plot or other immovable property granted to the owner or non-state land user instead of the alienated;

2) market value of a land plot or other immovable property granted instead of the alienated;

3) difference in cost if the price of a alienated land plot or other immovable property turns out to be higher than the price (cost) of a land plot or other immovable property provided instead for the alienated property, and the procedure for paying such difference;

4) rights to a land plot or other immovable property granted instead of alienated, which arise on the basis of an agreement on alienation of a land plot for state needs.

9. In the case of expropriation of a land plot used for land use for state needs, the agreement on alienation of a land plot for state needs shall contain the information reflected in Paragraphs 7 and 8 of this Article, with the exception of Subparagraphs 4) and 6) of Paragraph 7 of this Article.

10. The owner or non-state land user from the date of receipt of the draft agreement on alienation of land for state needs within twenty calendar days shall express written agreement (disagreement) with the draft agreement by submitting the appropriate application to the local executive authorities.

If there are proposals to the draft agreement on alienation of a land plot for state needs, the owner or non-state land user may initiate mediation procedures in accordance with Paragraphs 1-1 and 2 of Article 69 of this Law.

11. The local executive authority shall submit to the relevant local representative authority a draft agreement on alienation of a land plot for state needs within one month from the date of receipt of a written statement on agreement with the draft agreement from the owner or non-state land user.

The draft agreement on alienation of a land plot for state needs shall be considered by the permanent commission of the local representative authority no later than a two-week period from the date of its submission with the obligatory invitation of the owner and persons whose rights to the alienated property will be terminated or limited.

When an agreement shall be reached with an owner or non-state land user of a property alienated for state needs and other persons whose rights to the alienated property will be terminated or restricted upon expropriation, the agreement on alienation of a land plot for state needs shall be approved by the executive authority in coordination with the local representative authority and signed by an owner or non-state land user.

12. If an owner or non-state land user disagree with a resolution indicated in Paragraph 2 of Article 63 of this Law, and (or) on not reaching agreements on alienation of land plot for state needs upon expiry of three months period after the receipt of a written notification on expropriation of land plot for state needs by an owner or non-state land user, but not later than the term (date) of expropriation defined in a resolution, specified in Paragraph 2 of Article 63 of this Law, a local executive authority shall be entitled to apply to a court with claim for expropriation of land plot or immovable property due to the fact of seizure of land plot for state needs.

Civil cases in claims on expropriation of a land plot or other immovable property due to the fact of seizure of land plot for state needs shall be considered and decided within one month from the date of completion of preparing a case for court proceedings.

13. In case of dismissal of the claim on expropriation of land plot or immovable property due to the fact of seizure of land plot for state needs, the losses that had been caused to an owner or non-state land user, as a result of bringing a claim and adoption

of a resolution specified in Paragraph 2 of Article 63 of this Law, shall be compensated from the budgetary funds.

14. Actual transfer of alienated land plot or other immoveable property for state needs due to the fact of seizure of land plot for state needs may be carried out only after receipt by an owner or non-state land user of rights, that in respect of alienated property shall be terminated or restricted on an expropriation, equivalent compensation made in the manner prescribed by this Law.

State registration of termination of rights of an owner or non-state land user and origin of a right of state's ownership to such property shall be subject to submission to authority exercising state registration of rights to immovable property, a document confirming payment of compensation.

Footnote. Article 65 is in the wording of the Law of the Republic of Kazakhstan dated 21.01.2019 № 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 66. The rights of an owner or non-state land user on expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs

1. An owner or non-state land user from the moment of receipt notification on expropriation of land plot for state needs prior to conclusion of agreement on alienation of land plot or court decision on expropriation of a land plot or other immovable property due to the fact of seizure of land for state needs may exercise its right to land plot and other real estate and make necessary finances that secure use of such property in accordance with its intended purpose. Whereas an owner or non-state land user shall bear the risk of attributing to him, expenses and losses connected with new construction, expansion or reconstruction of buildings (structures, installations) and other real estate objects in the specified period.

If an owner or non-state land user after alienation for state needs of a part of land plot may not use in purposive appointment remainder as before then an entire land shall be alienated.

2. At transition of rights to real estate within the time specified in Paragraph 1 of this Article to another person by way of alienation or other grounds, and also at change of a right holder by virtue of universal legal succession procedure of expropriation of land plot or other immovable property due to the fact of seizure of land plot for state needs shall be applied (continued) in a ratio of a new right holder.

Footnote. Article 66 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its

first official publication).

Article 67. The amount of compensation of costs of land plot or other immovable property due to the fact of seizure of land plot for state needs

1. A cost of a land alienated for state needs (excluding losses) that is acquired by an owner from the state, shall be determined in the amount of market value.

On incomplete payment of amount for land plot (excluding losses), that is sold by the state in installments, and seizure of it by expropriation for state needs, a cost of alienated land plot shall be determined in amount of market value with the deduction of unpaid amount to the state.

2. The cost of a land plot, as well as of immovable property located on a land plot alienated for state needs, shall be determined in the amount of their market value, regardless of the grounds of origin the rights to land plot.

3. A market value of the land plot or other immovable property alienated due to the fact of seizure of land for state needs, shall be determined by an appraiser on the date of assessment, subject to the provisions of Paragraph 1 of Article 208 of this Law.

4. Amount of compensation shall be determined in accordance with Paragraphs 4 and 5 of Article 9 of the Civil Code of the Republic of Kazakhstan proceeding from cost of property and damages on a full scale that has been caused to an owner or to non-state land user as a result of expropriation of a land plot for state needs and (or) caused by an early termination of execution by an owner or non-state land user of obligations to third parties.

Amount of compensation to other persons rights of that in relation to expropriation for state needs of land plot are going to be terminated or limited shall be determined based on losses that arise as a result of an expropriation.

5. Amount of compensation shall be determined in tenge.

6. Is excluded by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Footnote. Article 67 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 68. Payment form and terms of payment of compensation on expropriation of a land plot or other immovable property due to the fact of seizure of land plot for state needs

1. A compensation of cost of a land plot or other immovable property due to the fact of seizure of land plot for state needs and losses subject to compensation shall be

made in full scope prior to a transition to the Republic of Kazakhstan or an administrative-territorial unit of a right of ownership to specified property.

2. Payment of compensation shall be carried out from the budgetary funds.

3. Payment of compensation by property other than money shall be permitted upon the agreement between the Republic of Kazakhstan on behalf of the Government of the Republic of Kazakhstan or an administrative-territorial unit on behalf of a local executive authority and an owner of a property. This agreement shall be concluded in written form of a contract on alienation of a land plot for state needs.

4. Payment of compensation shall be paid one-time not later than one month from the day of signing an agreement on alienation of a land plot for state needs or from the day of the entry of a court decision into legal force.

5. To carry out an expropriation of land plot or other immovable property due to the fact of seizure of land for state needs, that is providing an installment of payment of compensation shall not be allowed.

Footnote. Article 68 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 69. Mediatory procedures on expropriation of a land plot or other immovable property due to the fact of seizure of land plot for state needs

1. An owner of a seized property or non-state land user from the moment of receipt of a written notification on expropriation of a land plot for state needs, within fifteen calendar days, shall be entitled to initiate mediatory procedures by filing an appropriate application to local executive authority. Specified application shall be registered on the day of filling.

The local executive authority within ten calendar days shall be obliged to consider an appeal of an owner or non-state land user to the notification of expropriation of a land plot for state needs.

1-1. The owner or non-state land user from the moment of receiving the draft agreement on alienation of a land plot for state needs can make proposals to the draft of this agreement within twenty calendar days by submitting an appropriate application to the local executive authority.

2. A local executive authority within one month shall be obliged to consider the proposals of an owner or non-state land user to a draft agreement on alienation of land plot for state needs on composition of alienated property, to the persons, the rights of that in respect of alienated property shall be terminated or limited, and amount of losses subject to compensation, maintenance of compensation. If necessary, the local

executive authority can organize an additional assessment of cost of the alienated property.

3. On reaching agreement between a local executive authority and an owner or non-state land user, and also by other persons the rights of that in connection of the alienated property are going to be terminated or limited on expropriation, a draft agreement on alienation of a land plot state needs shall be directed to local representative authority for approval.

4. Upon failure in reaching agreement on transfer of property with one of interested persons specified in Paragraph 3 of this Article, an expropriation of land or other immovable property due to the fact of seizure of land plot for state needs shall be carried out in a judicial proceeding.

5. Requirements for payment of compensation prior to transfer of ownership right of property to the Republic of Kazakhstan or an administrative-territorial unit and other conditions of payment of compensation, established by Articles 67 and 68 of this Law may not be abolished by agreement of the parties.

Footnote. Article 69 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

SECTION 3. POSSESSION AND (OR) USE OF STATE PROPERTY

Chapter 7. GENERAL PROVISIONS ON POSSESSION AND (OR) USE OF STATE PROPERTY.

Article 70. The order, bounds and conditions of possession and (or) use of state property

1. Individuals and non-state legal entities shall be entitled to possess and (or) use state property for extracting by them of useful properties of property, as well as to obtain benefits in a form of income, accrual, fruits, offspring, and other forms.

2. Possession and (or) use of state property shall be carried out in the order and within and on terms, that are established by this Law and other laws of the Republic of Kazakhstan.

Article 71. The grounds for possession and (or) use of state property

1. Grounds for possession and (or) use of state property by individuals and non-state legal entities shall be recognized as follows:

- 1) agreements and other civil-law transactions;
- 2) administrative acts, that are creating civil law consequences in force of the legislation of the Republic of Kazakhstan.
- 3) court decisions, that are establishing civil rights and obligations;
- 4) events with that the legislation of the Republic of Kazakhstan shall connect the occurrence of civil-law consequences;

5) universal succession or other succession in cases and order, that are provided for by the legislation of the Republic of Kazakhstan.

2. The contract on transfer of state property in possession and (or) use shall be concluded in written form. Non-compliance with the written form of the contract on transfer of the state property into possession and (or) use shall entail its nullity.

3. State property transferred into possession and (or) use shall be included to a register of state property in accordance with the rules of Chapter 15 of this Law.

Footnote. Article 71 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 72. The agreements on transferring of state property use

1. State property may be transferred for possession on the basis of the following agreements:

- 1) of tenancy (lease) of state property;
- 2) on entrusted administration of state property;
- 3) of gratuitous use (loan for use) of state property;
- 4) turnkey contract;
- 5) on transfer to use of state-owned natural resources.

2. The transfer of state property to the possession shall be permitted on the basis of other civil law contracts in the cases and order, provided for by the laws of the Republic of Kazakhstan.

3. Transfer for the use of strategic objects and state property, that is not subject to privatization, or property that may belong only to the state, shall be allowed under a public-private partnership contract, including a concession contract, a trust management contract and other contracts, directly provided for by the laws of the Republic of Kazakhstan.

4. Transfer of state property to possession of individuals and non-state legal entities shall be carried out on basis of agreements or administrative acts in accordance with the rules of civil legislation of the Republic of Kazakhstan taking into account peculiarities and restrictions established by this Chapter.

Footnote. Article 72 as amended by the Law of the Republic of Kazakhstan dated 31.10.2015 № 380-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 73. Subjects authorized for transferring of state property to possession

An authority on transferring state property to possession shall have:

- 1) with regard to republican property - an authorized body on state property;

Note of the RCLI!

This version of sub-paragraph 2) is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

2) in respect of communal property – a local executive body or in agreement with the local community meeting, the Akim’s administration of the city of district significance, village, township, rural district.

Footnote. Article 73 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph.1) of paragraph 1 of Art. 2).

Chapter 8. CERTAIN GROUNDS OF POSSESSION AND (OR) USE OF STATE PROPERTY

Article 74. The agreement of tenancy (lease) of state property

1. To an agreement of property tenancy (lease) of state property shall be applied provisions of the Civil Code of the Republic of Kazakhstan with the peculiarities provided for by this Article, paragraph 4 of Article 114, by Articles 120, 145 of this Law.

2. Object of property tenancy (lease) of state property may be movable and immovable property (things).

3. Republican property is transferred to property lease (lease) by the authorized body for state property management (landlord (landlord) of republican property), with the exception of physical culture and recreation and sports facilities of state organizations of secondary education.

Note of the RCLI!

This version of part two of paragraph 3 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

Communal property in property lease (lease) is transferred by the local executive body or, in agreement with the meeting of the local community, the apparatus of akim of the city of district significance, village, township, rural district (lessor (lessor) of communal property), with the exception of sports and recreation and sports facilities of state organizations secondary education. Unless otherwise established by this Law or other laws of the Republic of Kazakhstan, the transfer of state property into property lease (lease) is carried out in the manner determined by the central authorized body for state planning.

State organizations of secondary education provide physical culture, health-improving and sports facilities for property lease (rent) in the manner determined by the authorized body in the field of education.

The communal property shall be transferred to the property rent (lease) by the local executive body or, in agreement with the local community meeting, by the Akim's administration of the city of district significance, village, township, rural district (lender (landlord) of communal property). Unless otherwise established by this Law or other laws of the Republic of Kazakhstan, the transfer of state property to property lease (rent) shall be carried out in the manner determined by the central authorized body for state planning.

4. Tenants (lessees) of state property shall be individuals and non-state legal entities, unless otherwise provided for by laws of the Republic of Kazakhstan.

A right of use of state property may be transferred as contribution to charter capital of legal entities with state participation.

5. The terms of the contract of property rent (lease) of state property shall be determined by the standard contract, approved by the authorized body for state planning, subject to the restrictions, determined by this Law.

6. Is excluded by the Law of the Republic of Kazakhstan dated 02.07.2014 № 225-V (shall be enforced upon expiry of ten calendar days after its first official publication).

7. Contract of property tenancy (lease) of state property may contain a condition about seizure of state property, that has been transferred in hire(leasing), to a tenant (lessee) in the cases directly provided for by Articles 105, 106, 120, 145 of this Law and other laws of the Republic of Kazakhstan.

8. Alteration and termination of a contract of property lease (rent) of state property shall be carried out according to the rules of Articles 401 - 404, 556 of the Civil Code of the Republic of Kazakhstan.

Use of state property that has been transferred under a contract of property tenancy (lease), not according to intended purpose, shall be material violation of a contract and

basis for termination of a contract according to the rules provided for by the Civil Code of the Republic of Kazakhstan.

9. The cost of inseparable improvements of the state property, made by the employer (lessee) with the consent of the lender (landlord) shall be compensated at the expense of the relevant budget in accordance with the budget legislation of the Republic of Kazakhstan.

10. Particularities of conclusion of a contract of lease to individuals and legal entities of historical and cultural monuments, that are state property, shall be determined by Law of the Republic of Kazakhstan "On protection and use of objects of historical and cultural heritage".

The contract on provision for the use of historical and cultural monuments of international and national significance, being the republican property, shall be concluded between the authorized body for state property and an individual or a legal entity in agreement with the authorized body for protection and use of historical and cultural heritage.

The contract on provision for the use of historical and cultural monuments of international and national significance, being the communal property, shall be concluded between the local executive body of the region, the city of republican significance, the capital city and an individual or legal entity in agreement with the authorized body for protection and use of historical and cultural heritage.

The contract on provision of historical and cultural monuments of local significance, being the republican property, shall be concluded between the authorized body for state property and an individual or a legal entity in agreement with the authorized body for protection and use of historical and cultural heritage.

The contract for the provision of historical and cultural monuments of local significance, being the communal property, shall be concluded between the local executive body of the region, the city of republican significance, the capital city and an individual or a legal entity.

A contract shall be considered terminated in the event of deprivation by the court decision of the person in whose use is the monument of history and culture, the right to use it if the monument of history and culture is threatened with destruction or damage.

Footnote. Article 74 as amended by the Law of the Republic of Kazakhstan dated 04.07.2013 No. 131-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2014 № 225-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication);

dated 28.10.2015 № 368-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2); dated 19.04.2019 No. 250-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 75. The agreement on entrusted administration of state property

1. To an agreement on entrusted administration of state property shall be applied the provisions of the Civil Code of the Republic of Kazakhstan with peculiarities stipulated in Articles 120, 145, 176 of this Law and other laws of the Republic of Kazakhstan.

2. Object of an agreement on entrusted administration of state property shall be property complexes of state enterprises, securities, stakes of participating in charter capital, immovable property, money, belonging to the state.

Other state property acts as an object of an agreement on entrusted administration in cases stipulated by the Civil Code of the Republic of Kazakhstan and other laws of the Republic of Kazakhstan.

3. The authorized body for the state property management (the founder of trust management of the republican property) shall transfer the republican property to the trust management.

Note of the RCLI!

This version of part two of paragraph 3 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

Communal property shall be transferred to the trust management by the founder of the trust management of communal property, respectively, by the local executive body or in agreement with the local community meeting – by the Akim’s administration of the city of district significance, village, township, rural district.

Unless otherwise provided for by this Law or other laws of the Republic of Kazakhstan, the transfer of state property to trust management shall be carried out in the manner, determined by the authorized body for state planning.

4. An entrusted administrator of state property shall be individuals and non-state legal entities, unless otherwise provided for by laws of the Republic of Kazakhstan.

5. A beneficiary under a contract of entrusted administration of state property shall be the Republic of Kazakhstan or an administrative-territorial unit.

6. The terms of the contract of trust management of state property shall be determined by this Law and other laws of the Republic of Kazakhstan. The authorized body for state planning shall approve the standard contract of trust management of state property.

7. An entrusted administrator shall be entitled to dispose of or transfer immovable property that has been transferred to it under a contract of entrusted administration of state property, only in cases specified by laws of the Republic of Kazakhstan, an agreement on entrusted administration of state property or with a written consent of a founder of entrusted administration of state property. An entrusted administrator shall be entitled to administer a movable property, unless otherwise provided for by laws of the Republic of Kazakhstan or by a contract of entrusted administration of state property.

8. An entrusted administrator shall be entitled to compensation of necessary expenses that has been made by him under an entrusted administration of state property, in order provided for by budget legislation of the Republic of Kazakhstan and other agreements of entrusted administration of state property.

An entrusted administrator shall be entitled to compensation if it is provided for by the laws of the Republic of Kazakhstan or by a contract of entrusted administration of state property.

9. An entrusted administrator shall render account to authorized state body that is the founder of entrusted administration of state property, on its activity in the terms and in the order established by a contract of entrusted administration of state property.

10. In a contract of entrusted administration of state property, shall be set limitations of an entrusted administrator to dispose of state property.

Transactions made by an entrusted administrator with a violation of limitations, established for him shall be recognized as invalid in accordance with the Civil Code of the Republic of Kazakhstan.

Rights and responsibilities under the obligations that are arising from transactions concluded by an entrusted administrator of state property with exceeding granted him powers or violation of limitations established for him, shall arise to an entrusted administrator.

11. An entrusted administrator shall carry out entrusted administration of state property personally.

An entrusted administrator may appoint another person to take the steps necessary for managing of entrusted him of state property, if he is authorized for it under a

contract of entrusted administration of state property or in voluntary to it for force of circumstances to secure the interests of a founder and does not have the ability to seek his guidance. Whereas, an entrusted administrator shall be responsible for actions of a chosen appoint as for his own actions.

An entrusted administrator shall promptly notify a founder of assignment. A founder of entrusted administration of state property in this case shall be entitled to declare termination of entrusted property, by compensating to an entrusted administrator previously incurred charges, and in cases provided for by a contract of entrusted administration of state property, by compensating losses.

The types and categories of state property for which tax liabilities on property tax, land tax and vehicle tax are to be fulfilled by an entrusted administrator shall be determined by the rules for transferring state property to trust management.

12. A contract of entrusted administration of state property shall be amended and abrogated on grounds, provided for by the Civil Code of the Republic of Kazakhstan.

A transfer of state property from one kind of state property to another or from one level of local government to another shall not abrogate entrusted administration of state property, unless otherwise provided by the Laws of the Republic of Kazakhstan or by a contract of entrusted administration of state property.

13. Upon termination of a contract at instigation of one party, the other party shall be notified at least over the period of three months, unless different period shall not be stipulated by the laws of the Republic of Kazakhstan or by a contract of entrusted administration of state property.

14. A contract of entrusted administration of state property may include conditions on seizure of state property that has been transferred to an entrusted administration, to an entrusted administrator, in cases directly provided for by Articles 105, 106, 120, 145, 176 of this Law and other laws of the Republic of Kazakhstan.

Footnote. Article 75 as amended by the Law of the Republic of Kazakhstan dated 04.07.2013 № 131-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2); dated 02.04.2019 No. 241-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 76. The contract of gratuitous use of state property

1. To a contract of gratuitous use of state property shall be applied provisions of the Civil Code of the Republic of Kazakhstan on a contract of gratuitous use (loan for

use) with peculiarities stipulated in Articles 77, 120, 145 of this Law and other laws of the Republic of Kazakhstan.

2. State property under a contract of gratuitous use of state property may be granted only in cases, stipulated by this Law and other laws of the Republic of Kazakhstan.

3. A contract of gratuitous use of state property may stipulate conditions about seizure of state property that has been transferred for gratuitous use, to a borrower, in cases directly provided for by Article 120 of this Law and other laws of the Republic of Kazakhstan.

Note of the RCLI!

This version of paragraph 4 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan "On state property" dated 01.03.2011 № 413-IV).

4. Any improvement of the state property, transferred under the contract of gratuitous use of state property shall be carried out with the written consent of the authorized body for state property or the local executive body or the Akim's administration of the city of district significance, village, township, rural district. Upon termination of the contract of gratuitous use of the state property, the cost of inseparable improvements, made with the consent of the authorized body for state property or the local executive body or the Akim's administration of the city of district significance, village, township, rural district, shall be reimbursed at the expense of the relevant budget.

5. A contract of gratuitous use of state property in the cases of transferring to religious organizations for gratuitous use of religious buildings (constructions) and other property, that is owned by the state and that are historical and cultural monument, shall be concluded in accordance with the Law of the Republic of Kazakhstan " On protection and use of the objects of historical and cultural heritage".

Footnote. Article 76 as amended by the Law of the Republic of Kazakhstan dated 11.10.2011 No.484-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph.1) of paragraph 1 of Art. 2).

Article 77. Delegation of state land grants for free use

State natural grants shall be provided for gratuitous use by the authorized body for investments in accordance with the Entrepreneurial code of the Republic of Kazakhstan.

Footnote. Article 77 as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Article 78. Transfer of state property under the turnkey contract

A transfer of state property under a turnkey contract shall be carried out in framework of execution of a customer, by state, on responsibilities in the assistance to a contractor in implementation of work in the amount and order, provided for by a turnkey contract.

Article 79. Transfer of state property under public-private partnership contract, including concession contract

The transfer of state property under a public-private partnership contract, including a concession contract, shall be carried out in accordance with the laws of the Republic of Kazakhstan "On public-private partnership" and "On concessions".

In cases stipulated by the laws of the Republic of Kazakhstan, the concession object may be provided without a tender for free use to a functional operator for the implementation of its functional maintenance.

Footnote. Article 79 is in the wording of the Law of the Republic of Kazakhstan dated 31.10.2015 № 380-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 26.12.2019 No. 287-VI (shall be enforced from 01.01.2020).

Article 80. The agreements on the transfer of natural resources for use

A transfer for use of land plots, subsoil plots, water objects, and lands of the state forest fund shall be carried out on basis of relevant agreements in accordance with the laws of the Republic of Kazakhstan on each type of the property.

Article 81. The storage agreement and agreement on acceptance of state property for storage

1. State property may be transferred to individuals and legal entities for safekeeping by storage agreement or agreement on acceptance of state property for storage. Rules of the Civil Code of the Republic of Kazakhstan on storage shall be applied to relations of storing state property with peculiarities stipulated in this Article.

2. Storage of state property shall be carried out on basis of storage agreement or agreement on acceptance of state property (thing) for storage.

Storage of state property may be imposed on any person that is capable of securing its safety.

In cases specified by laws of the Republic of Kazakhstan, storage of state property may be carried out only by specialized organizations that are rendering services on storage as an entrepreneurial activity.

3. Subject of storage of state property may be movable items.

On protection of real estate this Article shall not be extended.

4. Storage agreement and agreement on acceptance of state property for storage shall be concluded in written form. Conclusion of a contract shall be certified by a custodian by way of issuing to a depositor of a storage voucher, receipt, certificate, or other document signed by a custodian.

5. A period of storage of state property shall be determined by laws of the Republic of Kazakhstan or storage agreements or agreement on acceptance of state property for storage. On expiry of periods of storage the storage agreements or agreement on acceptance of state property for storage shall be considered as concluded for the same period, unless otherwise provided for by laws of the Republic of Kazakhstan, relevant agreements or followed from nature of obligation to secure storage of state property.

An authorized state body, that is a depositor or acting on its written proxy, shall be entitled at any time to require property (thing) to a custodian. In this case, a depositor shall be obligated to compensate to a custodian the damages that have been caused by early termination of the obligation, unless otherwise provided for by storage agreement or agreement on acceptance of state property for storage.

6. A storage agreement and agreement on acceptance of state property for storage shall be compensated. Amount of remuneration to a custodian shall be determined by agreement of parties, and in cases established by laws of the Republic of Kazakhstan, in accordance with rates and tariffs.

7. Unless otherwise provided by a storage agreement, a custodian shall not be entitled to transfer a thing for storage to the third person without consent of a depositor, except the cases when a custodian is involuntary to it by force of circumstances in interests of a depositor and deprived of opportunity to obtain his consent. On transfer of a thing for storage to the third person a custodian shall be obligated to notify a depositor. A custodian shall be responsible for actions of the third person to that he transferred a thing for storage as for their own.

8. A custodian shall take all provided for by an agreement and other necessary measures to safeguard state property that has been transferred to him. A safe custody of state property shall be provided in accordance with technical standards and requirements on storage conditions and (or) protection.

A custodian shall be responsible for deficiency or damage of state property that has been accepted for storage. He shall be acquitted if he proves that a loss, deficiency or damage of the things has occurred not by his fault.

In case of deficiency of state property transferred for storage a custodian shall be obliged, within the period specified in a storage agreement or agreement on acceptance of state property for storage, with the legislation of the Republic of Kazakhstan, to compensate a missing property in kind, and if its impossibility in amount of price of lost or missing state property.

9. Rules of this Article shall apply to certain types of storage of state property, unless otherwise provided for by the legislation of the Republic of Kazakhstan.

10. Material values of state material reserve shall be stored in lower organizations of system of state material reserve, storage facilities of material values of state reserve and organizations that are established by mobilization orders.

Relationships, linked with storage of material values of state material reserve shall be regulated by the Civil Code of the Republic of Kazakhstan and the Law of the Republic of Kazakhstan "On civil protection".

Footnote. Article 81 as amended by the Law of the Republic of Kazakhstan dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 82. The exercise of rights of use of state property of common use

1. State property of common use in accordance with the laws of the Republic of Kazakhstan shall be regarded as follows:

1) flora and fauna, other natural resources located on the territory of the Republic of Kazakhstan and related by the laws of the Republic of Kazakhstan to property of common use;

2) riverbed of navigable and floatable rivers and shore strips established by the legislation of the Republic of Kazakhstan width, and also lakes, lagoons and other water bodies of natural origin;

3) ports, harbors, bays, raids and bays, as well as dams, jetties, breakwaters and other coastal structures;

4) roads, high road, bridges of public use with strips of alienation and auxiliary facilities and services;

5) ditches, dams, reservoirs, canals, embankments and ditches, built for irrigation, land reclamation and other purposes of public utility;

6) squares, pavements, streets, public parks and recreation, cemeteries and other public constructions and buildings;

7) temples and other cult constructions of public purpose;

- 8) monuments of history and culture;
- 9) national parks, sanctuaries, reserves;
- 10) objects of national art;
- 11) archives, museum exhibits, artistic and scientific collections, including certain documents, manuscripts, publications, maps and other movable items, representing scientific and cultural value;
- 12) servitude of common use (public servitudes);
- 13) other properties related to property of common use by the laws of the Republic of Kazakhstan.

The rules of property use of common use shall be established by the Government of the Republic of Kazakhstan and local representative or executive bodies of relevant administrative-territorial units in accordance with the laws of the Republic of Kazakhstan on certain types of property of common use.

2. State bodies of the Republic of Kazakhstan within their competence, established by the legislation of the Republic of Kazakhstan on certain types of property of common use, shall organize management and use of property of common use.

Footnote. Article 82 as amended by the Law of the Republic of Kazakhstan dated 26.12.2019 No. 289-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

SECTION 4. TERMINATION OF PROPERTY RIGHTS OF THE STATE

Chapter 9. THE GROUNDS FOR THE TERMINATION OF PROPERTY RIGHTS OF THE STATE

Article 83. The list of the grounds for termination of property rights of the state

1. Grounds for termination of property rights of the state (the Republic of Kazakhstan or administrative-territorial unit) shall be recognized as follows:

- 1) privatization and other alienation of state (republican and communal) property;
- 2) alienation by state legal entities of produced by them goods or other property, that are not related to basic assets, and that is not an object of privatization, to individuals and non-state legal entities;
- 3) granting of land plots to private property;
- 4) transfer of state land grant, relating to republican or communal property to private ownership;
- 5) wreckage or extinction of state property;
- 6) levy of execution upon state property;
- 7) return of executed by counterparty in favor of the state under the obligation prior to abrogation or alteration of contract;
- 8) return of property received under transaction, recognized as invalid;

9) use or production of material values from state material reserve;

10) other grounds provided for by the Civil Code of the Republic of Kazakhstan and other laws of the Republic of Kazakhstan.

2. Alienation of state property shall be compensated, except for the cases, provided for by Articles 119-1, 119-2, 120 and 214 of this Law and other laws of the Republic of Kazakhstan.

Footnote. Article 83 as amended by the laws of the Republic of Kazakhstan dated 21.07.2015 № 337-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 84. Prohibition for abandonment of a right to state property

1. The state may not abandon rights to property belonging to it. Refusal of state bodies, their representatives and officials from a right of state to state property shall be invalid.

2. Actions of state bodies, their representatives and officials, definitely testifying to their removal from exercise of a right of state ownership and other property rights of the state, shall entail disciplinary and other liability established by the laws of the Republic of Kazakhstan.

Article 85. Alienation of the property by state legal entities

Alienation of the property by state legal entities on implementation of industrial and economic activities, including their products, raw materials, commodity stocks and supplies and other property not relating to the basic assets and that are not the object of privatization, to non-state legal entities and individuals shall entail the termination of rights of the state for alienation of state property and shall not be privatization.

Article 86. Termination of rights of the state to land plot and other immovable property as a result of its granting (transfer) to the private ownership

1. Land plots may be granted to private ownership in cases and in the order, provided for by the Land Code of the Republic of Kazakhstan.

2. The rights of the state to state property, including land plots, provided in the form of a state natural grant, may be terminated in performance of investment obligations by the recipient of the grant in the cases and in the manner, provided for by the Entrepreneurial code of the Republic of Kazakhstan.

Footnote. Article 86 as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Article 87. Loss or destruction of state property

1. Loss and destruction of state property shall entail termination of rights of the state on this property.

2. Loss and destruction of certain types of state property that became unfit for use due to physical or moral deterioration, as a result of natural disasters and accidents, shall be issued in the order established by the Government of the Republic of Kazakhstan.

3. Rules of this Article shall apply to things.

Article 88. The levy on execution upon state property under state obligations

1. The levy on execution upon state property under obligations of the Republic of Kazakhstan and an administrative-territorial unit shall be realized in a judicial proceeding.

2. On property, constituting state or local treasury, except for budgetary funds, may not be levied. By the laws of the Republic of Kazakhstan may be established other types of state property that may not be levied. In this case the Republic of Kazakhstan or an administrative-territorial unit shall be responsible within the costs of the property that may not be levied, by budget funds.

3. The right to state property, that is being levied, shall be terminated for the Republic of Kazakhstan and an administrative-territorial unit from the date of acquisition of rights to property by person to that rights shall be transferred on levy on execution upon the state property.

Article 89. Termination of rights to state property as a result of requisition

1. In case of vindication under the rules of Article 44 of this Law, a person to whom the property belonged before that is acquired by the state under requisition a rights of the state to such property shall be terminated.

2. Return of a seized property under requisition shall be carried out according to the rules of Article 44 of this Law.

Article 90. Termination of rights to the state property, acquired as a result of confiscation

Cancelling (alteration in the relevant part) of court act, under that a property has been confiscated to an ownership of the state shall be a ground for termination of property rights of the state to a confiscated property.

Return of confiscated property or compensation of its cost shall be made according rules of the paragraph 5 of the Article 213 of this Law.

Article 91. Termination of rights to state property by use or release of material values form the state material reserve

1. The right of the state to material values from state material reserve shall be terminated as a result of use or release of material values from state material reserve.

2. The release of material values from state material reserve may be carried out due to:

- 1) their renovation;
- 2) borrowing;
- 3) cancellation of the reservation.

2. The release of material values from state material reserve shall be carried out in accordance with the Law of the Republic of Kazakhstan "On civil protection".

3. Alienation of material values from state material reserve shall be subject to a full payment of their price or opening letter of credit or provide guarantees of banks of the second level.

4. Funds received from sale of material values at the time of release from state material reserve, shall be credited to budget.

5. Material values of state material reserve, used in prevention and liquidation of emergencies shall be subject to compensation in kind in the terms established by a decision of the Government of the Republic of Kazakhstan, at the expense of budgetary funds.

6. In case of crises developments and threatening imbalances between demand and supply on domestic market resources of state material reserve on basis of decisions of the Government of the Republic of Kazakhstan and in accordance with the legislation of the Republic of Kazakhstan may be used to influence market.

Footnote. Article 91 as amended by the Law of the Republic of Kazakhstan dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 92. The transfer of state property to the payment of shares of joint stock companies and the charter capital of limited liability partnerships

The transfer of state property to payment of shares of joint stock companies and charter capital of limited liability partnerships shall be exercised in accordance with Article 114 of this Law.

Chapter 10. THE ALIENATION OF STATE PROPERTY

Paragraph 1. General provisions

Article 93. The subjects of the alienation of state property

1. Subjects of alienation of state property shall be seller (a person conducting alienation of property) and buyer (acquirer).

Note of the RCL!

This version of paragraph 2 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated

11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

2. The seller (the person, making alienation of the property) – the authorized body on state property or local executive body or the Akim’s administration of the city of district significance, village, township, rural district.

3. A buyer (acquirer) – an individual or a non-state legal entity acquiring the property in the process of alienation of state property.

Participating on side of a buyer (acquirer) of several persons, they shall act jointly and severally.

4. Buyers (acquires) on alienation of state property may not be legal entities, that in accordance with the laws of the Republic of Kazakhstan or by constituent documents may not be entitled to be involved in those activities, an implementation of that is a condition of sale (alienation) of an object of alienation of state property.

5. A seller (a person conducting alienation of property) shall be entitled to involve the intermediary for organization of alienation process of the state property.

Footnote. Article 93 as amended by the Law dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2).

Article 94. Types of the alienation of state property

1. Alienation of state property shall be realized in the following forms:

1) privatization of state property by sale at bargaining in form of auction and tender, bidding at stock exchange, contest by two-stage procedures, sale of derivative securities;

2) privatization of state property through direct sale;

2-1) direct targeted sale of state property to a State Islamic Special Financial Company;

3) other methods of alienation of state property without holding a tender in the order and on conditions, stipulated by paragraph 3 of this chapter.

2. Actions, that are not directly leading to a sale of state property, but providing for its subsequent sale (leasing property hire (lease) of state property or transfer to entrusted administration with a right to repurchase respectively by tenant (lessee) or an entrusted administrator), shall be considered not as a type of privatization, but as preliminary stages.

3. The object of alienation may not be state property that in accordance with the laws of the Republic of Kazakhstan may belong only to the state, and also state

property, that is not subjected to alienation in accordance with acts of the President of the Republic of Kazakhstan.

4. The list of objects, including strategic, state-owned and quasi-public sector entities, not subject to alienation, shall be approved by the Government of the Republic of Kazakhstan in coordination with the President of the Republic of Kazakhstan.

Footnote. Article 94 as amended by the laws of the Republic of Kazakhstan dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016); dated 03.07.2017 № 86-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Paragraph 2. Privatization of state property

Article 95. Basic principles of conducting privatization

Basic principles of conducting privatization shall be publicity, competitiveness, succession, responsibility of officials for legality of conducting privatization and credibility of presented information about objects of privatization.

Article 96. The objects of privatization

1. The objects of privatization shall be the following types of state property:

- 1) enterprise as a property complex;
- 2) productive and non-productive subdivisions and structural units of the enterprise as a property complex, privatization of that shall not violate the closed technological cycle;
- 3) property of state legal entities, except the cases provided in Articles 85, 135, 145, 153, 161 of this Law;
- 4) shares of joint stock companies;
- 5) stakes of participating in charter capital of limited liability partnerships;
- 6) derivative securities certifying rights to shares of joint stock companies, belonging to the state.

Note of the RCL!

This version of part one of paragraph 2 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12.2017 of the law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

2. State property becomes the object of privatization from the date of the decision on its privatization by the authorized body for state property or the local executive body or the Akim's administration of the city of district significance, village, township, rural district.

Objects of privatization may not be state property that in accordance with the laws of the Republic of Kazakhstan may not be subjected to privatization may only be in state ownership, as well as state property, that may not be subjected to alienation in accordance with acts of the President of the Republic of Kazakhstan.

Footnote. Article 96 as amended by the laws of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2).

Article 97. Privatization of enterprise as property complex

1. To privatization of enterprise as property complex shall be applied the rules of paragraph 6 of Chapter 25 of the Civil Code of the Republic of Kazakhstan taking into account peculiarities stipulated by paragraph 2 of this Article and Articles 93, 95, 96, 99 - 101, 103, 107 – 112 of this Law.

To composition of enterprise as property complex subjected to privatization shall not be included stored material values of state material reserve.

2. To composition of enterprise as property complex may be included objects of social and cultural and household purpose.

3. A buyer shall become legal successor of the civil rights and obligations of privatized enterprise as property complex, unless otherwise stipulated by this Law and buy and sell agreement.

4. The buyer becomes the legal successor of civil rights and obligations of the privatized enterprise as a property complex, unless otherwise provided by this Law and the contract of sale.

5. In case, that the state enterprise as a property complex not sold on the results of three conducted biddings, this state enterprise shall be subject to reorganization by joining or merger, or liquidation.

Footnote. Article 97 as amended by the laws of the Republic of Kazakhstan dated 22.04.2015 № 308-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016); dated 02.04.2019 No. 241-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 98. Shares of joint stock companies that belong to the state, and stakes of participating of the state in charter capital of limited liability partnerships

1. Sale of shares of joint stock companies, that belong to the state and stakes of participating of the state in charter capital of limited liability partnerships shall be carried out in compliance of requirements, provided for by the laws of the Republic of Kazakhstan “On joint stock companies”, “On limited liability partnerships and supplementary liability” and other laws of the Republic of Kazakhstan.

2. The sale of shares, issuance of that is not registered in the order, established by the legislation of the Republic of Kazakhstan shall not be allowed.

3. On selling state-owned shares, a buyer- a joint stock company may not acquire more than twenty-five percent of company shares, if a joint stock company owns shares of a buyer.

4. In case that the shares of joint-stock companies and shares in the charter capital of limited liability partnerships in which the state's participation is one hundred percent, not sold on the results of three conducted biddings, these legal entities shall be subjects to liquidation.

Footnote. Article 98 as amended by the laws of the Republic of Kazakhstan dated 22.04.2015 № 308-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016).

Article 99. Privatization and rights to land plot

On privatization of an immovable property to a buyer shall be transferred the right to a land plot in accordance with the Land Code of the Republic of Kazakhstan.

Article 100. Conditions for bidding

1. The person, who offered the highest price shall be recognized as the winner of the auction or tender.

At auctions, bids are announced publicly, at tenders bids are announced in a closed envelope.

In case of sale of state enterprises as property complexes at the tender, shares (participation shares in the charter capital) of joint-stock companies (limited liability partnerships), in the charter capital of which the controlling stake (participation share in the charter capital) belongs to the state, the condition of the tender shall be the preservation of the activity profile.

The term of preservation of the activity profile of the state enterprises, joint-stock companies (limited liability partnerships) in which charter capital the controlling stake (participation share in the charter capital) belongs to the state, shall be determined by the seller.

The auction and tender shall be conducted using the web portal of the state property register in electronic form, with the exception of closed tenders and auctions for the sale of unused weapons and military equipment.

2. Biddings must be open. In exceptional cases, affecting national security, environmental protection, foreign economic situation of the Republic of Kazakhstan, determined by the Government of the Republic of Kazakhstan, the tender may be closed.

The procedure for the sale of objects of privatization shall be established by the Government of the Republic of Kazakhstan in accordance with articles 101 – 105 of this Law.

3. Auctions and tenders, in which only one participant participated, shall be recognized as failed, with the exception of the third biddings, in which the object of privatization can be sold to the only participant, who has expressed a desire to purchase it.

4. Before an auction, a buyer shall be entitled to check ecological state of the acquired object.

Footnote. Article 100 as amended by the laws of the Republic of Kazakhstan dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016); 13.06.2017 № 69-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 18.03.2019 No. 237-VI (shall be enforced upon expiry of twenty one calendar days after its first official publication).

Article 100-1. The cost of privatization object

1. Sale of privatization objects shall be carried out at the market value of a privatization object.

The market value of a privatization object is the estimated amount of money, at which the privatization object may be alienated on the basis of transaction in a competitive environment, when the parties of transaction shall act, having all available information about the object of assessment, prudently and without coercion.

2. Assessment of privatization objects, which book value is more than 2,500,000 times of the monthly calculation index, established by the Law on the republican budget and is valid on January 1st of the corresponding financial year, shall be carried out by independent consultants in accordance with international assessment standards.

3. Assessment of privatization objects, which book value of is less than 2,500,000 times of the monthly calculation index, established by the Law on the republican budget and is valid on January 1st of the corresponding financial year, shall be carried out in accordance with the legislation of the Republic of Kazakhstan on evaluation activity.

4. Independent consultants are legal entities, including foreign ones or their associations, participants in evaluation and (or) investment activities, and (or) financial consulting, engaged by the seller in order to assess the market value of the object of privatization and (or) support the transaction on privatization objects.

5. Legal relations, regulated by the legislation of the Republic of Kazakhstan on state property regarding the selection of an independent consultant shall not be subjects to the legislation of the Republic of Kazakhstan on public procurement.

Involvement of an independent consultant shall be carried out in the manner determined by the Government of the Republic of Kazakhstan.

6. The market value of a privatization object may be lower than the book value of the privatization object.

Footnote. Chapter 10 is supplemented by Article 100-1 in accordance with the Law of the Republic of Kazakhstan dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016).

Article 101. The order of open bidding

1. The notice of biddings must be made at least fifteen calendar days prior to the biddings by the seller. The notice must be published in the Kazakh and Russian languages in periodicals, determined through conducting the tender by the seller, in accordance with the Law of the Republic of Kazakhstan "On public procurement".

The notice must contain information about the time, place and type of biddings, the object of sale and bidding procedure, including registration of participation in the biddings, terms of determining the person, who won the biddings, as well as information about the starting price and the amount of guarantee fee.

2. In case of change the terms of trades by a seller a notice about all changes shall be done for them in the order and terms established by paragraph 1 of this Article.

Persons, that filed an application for participation in auction prior to publication of a notice about a change of its conditions and that rejected in this regard from participation, shall be entitled to demand return of guarantee fee and expenses incurred by them.

3. A seller shall be entitled not later than three working days before an auction to abandon them with compensation for an actual damage to persons that has filed application for participation in an auction.

An auction may be cancelled due to impossibility of their holding. A seller shall be released from compensation for an actual damage to persons that have filed application for participation in an auction, if holding tender has become impossible due to the insuperable force reasons beyond the control of seller.

4. Bidders pay a guarantee fee in the amount, terms and procedure, specified in the notice of biddings. If the biddings did not take place, the guarantee fee is refundable. The guarantee fee is also returned to the persons, who submitted the application, but did not participate in the biddings, to the persons, who participated in the biddings, but did not win it, and to those, who refused to participate in the biddings in written form no later than three working days before their holding.

Guarantee fees shall be returned on basis of an application for the return of guarantee fee, submitted by a tender's participant, with indication of legal details of this participant.

At the conclusion of a buy and sell agreement with a person that has won an auction, the amount of submitted guarantee fee shall be counted towards the execution of obligations under a concluded agreement.

4-1. The auction shall be conducted in two ways:

on price increase;

on price reduction.

During the auction, the starting price of a privatization object is equal to the initial price of a privatization object.

The initial price of a privatization object shall be determined on the basis of the market value of a privatization object and be established by the commission on the issues of privatization of state-owned objects.

The object of privatization at the first biddings is put up for auction using the method of price increase.

At the second biddings, the privatization object is put up for auction using the method of price reduction with establishment of a minimum price of fifty percent from the initial price.

At the third biddings, the privatization object is put up for auction using the method of price reduction without establishment a minimum price.

Each subsequent bidding shall be carried out every twenty working days.

4-2. When placing a privatization object at the first tender, the starting price of the privatization object is equal to the initial price.

When placing a privatization object at the second and third tenders, the starting price is reduced by fifty percent from the starting price of the previous tender.

5. A person, that won an auction and a seller, shall sign in the day of auction or tender Protocol on the auction results.

6. A buy and sell agreement shall be signed not later than ten calendar days after the close of an auction.

A person, that has won an auction, on avoidance of signing the Protocol on results of an auction or buy and sell agreement shall loose a guarantee fee and shall be obliged to compensate to a seller for an actual damage suffered, in the part that has not been covered by a guarantee fee.

A seller shall not be entitled to avoid signing of the Protocol on results of an auction and buy and sell agreement with a person that has won an auction, except the cases when a person, that has won an auction fail to meet the requirements of Article 93 of this Law.

The conditions of buy and sell agreement shall not contradict to condition of a tender.

The buy and sell agreements of enterprise as a property complex shall contain conditions on the terms within that a seller shall appeal to the State Corporation "Government for Citizens" for a registration of termination of activity of an enterprise.

7. The buy and sell agreement shall be submitted to become familiar by interested persons upon their request in compliance of the requirements provided for by the Civil Code of the Republic of Kazakhstan and other Laws of the Republic of Kazakhstan concerning disclosure of information, that is constituting commercial and other protected secrets by the Laws of the Republic of Kazakhstan.

8. Auction that has been conducted with violation of rules established by present Article might be invalidated by a court on a suit of an interested person, relevant authorized body or the Prosecutor.

The recognition of biddings invalid shall entail the nullity of the contract of purchase and sale, concluded on the results of such auctions.

9. The rules, established by this Article, shall be applied on bidding, unless otherwise provided for by the Articles 102, 104 of this Law.

Footnote. Article 101 as amended by the Law of the Republic of Kazakhstan dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.04.2019 No. 241-VI (shall be enforced from 01.07.2019).

Article 102. Tenders at the stock exchange

1. The sale of securities, owned by the state on the stock exchange shall be carried out in accordance with the Law of the Republic of Kazakhstan "On the securities market".

2. Notice on sale shall be published in Kazakh and Russian languages in the periodic printed publications, defined by the seller by holding the competition in accordance with the Law of the Republic of Kazakhstan "On state procurement". Notice on the sale shall be published not less than fifteen calendar days prior to the

start of tender at the stock exchange and contain information on the tender date, place of tender, the object of sale and its amount.

The seller shall be entitled to specify in the notification any other information relating to the sale of securities, owned by the state.

3. The agreement of the seller with a professional participant of the securities market shall contain the obligation to sell securities belonging to the state, not below the minimum price, that is set by the seller.

Footnote. Article 102 as amended by the Law of the Republic of Kazakhstan dated 24.11.2015№ 422-V (shall be enforced from 01.01.2016).

Article 103. Competition through two-stage procedures

1. Competition through two-stage procedures shall be held with participation of an independent consultant by the decision of the Government of the Republic of Kazakhstan, determining the priority of price and (or) other conditions of privatization.

2. The competition includes the following action plan:

1) involvement of an independent consultant in the manner, prescribed by Article 100-1 of this Law for conducting a comprehensive analysis of the object of privatization, assessment of its value and formation of an information database about the object of sale for potential buyers (investors);

2) publication of a notice of sale of the privatization object by the seller in the Kazakh and Russian languages in periodicals, determined by carrying out of competition by the seller in accordance with the Law of the Republic of Kazakhstan “On public procurement”, as well as mailing by an independent consultant of a proposal on sale to potential buyers (investors);

3) formation by an independent consultant of a list of applications, containing proposals from potential buyers (investors);

4) conduct of negotiations with potential buyers (investors) on the list of applications in order to identify at least two potential buyers (investors), who submitted the best proposals during the negotiations (the first stage of competition) by the seller, with participation of an independent consultant;

5) conduct of negotiations with the winners of the first stage of the competition in order to improve the previously proposed conditions (the second stage of competition) by the seller, with participation of an independent consultant.

3. According to the results of each stage of negotiations, the seller, an independent consultant and all participants in the competition shall sign a protocol on its results.

4. A potential buyer (investor) who has offered the best conditions during the second stage of the competition shall be recognized as the winner of the competition.

5. In case of refusal or evasion of the winner of the competition from signing the contract of sale within the terms established by the seller, the contract of sale and purchase shall be signed with the potential buyer (investor), whose offer is recognized as the best after the proposal of the competition winner.

Footnote. Article 103 is in the wording of the Law of the Republic of Kazakhstan dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016).

Article 104. Sale of derivative security, verifying the rights to shares of joint stock companies, owned by the state

1. The sale of derivative securities verifying shares of joint stock companies, owned by the state, shall be carried out on the decision of the Government of the Republic of Kazakhstan or the relevant local executive body.

2. General conditions of sale derivative securities shall be presented by the seller for approval to the Government of the Republic of Kazakhstan or local executive body for approval by the relevant local representative body.

3. The decision on sale of derivative securities shall contain information on the number of shares, owned by the state that issued derivative securities, the type of sold derivative securities, foreign country (foreign countries), on the territory of that is (are) expected to carry the sale of derivatives, the maximum terms of completion of the transaction, the conditions and order of realization of the rights of the owners of the derivative securities and if necessary other conditions.

Article 105. Direct address sale

1. Objects, transferred in accordance with Article 106 of this Law to the property rent (lease) or trust management with the right of subsequent redemption, respectively, to the employer (lessee) or trustee, as well as objects, determined by the decision of the Government of the Republic of Kazakhstan to be transferred to the strategic investor shall be subjects to direct targeted sale.

Sale of the object of privatization to employers (lessees) and trustees shall be allowed only on condition of proper execution of the relevant contract.

2. The conditions of sale of the object of privatization shall be determined by agreement of the parties, if they were not provided for by the contract of property tenancy (lease), or the contract on the entrusted administration.

3. Is excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

4. Direct targeted sale of state property by the decision of the Government of the Republic of Kazakhstan shall be carried out to a strategic investor - a Kazakhstani or foreign legal entity (their associations), that meet the following criteria:

availability of activity experience in the field, related to the activities of the sold object of privatization;

acquisition of a large block of shares (shares in the charter capital) for participation in the management of the object of privatization, as well as in its development through the transfer of technologies, including obtaining undisclosed information (secrets of production (know-how) and involving highly qualified specialists.

Direct targeted sale shall be carried out when establishing and appropriate adoption by a strategic investor of obligations for:

- 1) volumes, types and terms of investments in the object of privatization;
- 2) ensuring a certain level of production volume, range of products produced or services provided;
- 3) conducting environmental protection measures;
- 4) preservation of the activity profile;
- 5) preservation or creation of new work places;
- 6) ensuring at least two thirds of the staff number of employees, being the citizens of the Republic of Kazakhstan;
- 7) preservation of the existing order and conditions for the use of objects of industrial and social infrastructure;
- 8) repayment of accounts payable within the established deadlines;
- 9) repayment of wage arrears;
- 10) restrictions on transactions (resale, pledge, transfer to management and others) and (or) prohibition of certain actions in relation to the object of privatization within a certain period of time.

The decision of the Government of the Republic of Kazakhstan on direct targeted sale includes the name of the object, as well as the requirements for a strategic investor to accept obligations from the list of obligations, specified in this paragraph.

Direct targeted sale of state property to a strategic investor shall be carried out with involvement of an independent consultant.

The involvement of an independent consultant shall be carried out in accordance with paragraph 5 of Article 100-1 of this Law.

Footnote. Article 105 as amended by the laws of the Republic of Kazakhstan dated 24.11.2015№ 422-V (shall be enforced from 01.01.2016); from 04.12.2015№ 435-V(shall be enforced from 01.01.2016); dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 105-1. Sale of state property to the state Islamic special financial company with the obligation of its repurchase

Footnote. Chapter 10 is supplemented by Article 105-1 in accordance with the Law of the Republic of Kazakhstan dated 24.11.2015 No. 422-V (shall be enforced from 01.01.2016); is excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 106. Preliminary stages of the privatization

1. Preliminary stages of the privatization shall be recognized as: the hire of state property to the property tenancy (lease) or its transfer to the entrusted administration with the right to repurchase in accordance with the legislation of the Republic of Kazakhstan.

2. The entrusted administrator or tenant (lessee) shall be selected on the basis of tender in accordance with Articles 100 and 101 of this Law.

3. The provisions of the civil legislation of the Republic of Kazakhstan concerning the relations of entrusted administration and property tenancy (lease) shall be applied taking into account the peculiarities stipulated by Article 105 of this Law and this Article.

Note of the RCLI!

This version of paragraph 4 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law “On state property” dated 01.03.2011 № 413-IV).

4. Transfer of state property to the trust management or property rent (lease) shall be registered by the relevant contract of the authorized body for state property or local executive body or the Akim’s administration of the city of district significance, village, township, rural district with a trustee or employer (lessee). The contract should provide in what time frame and under what conditions the state property will become the property of the trustee or employer (lessee).

5. To the entrusted administration may be transferred shares, owned by the state, on the basis of tender in accordance with Articles 100 and 101 of this Law.

6. Small business entities may be provided the entrusted administration or property tenancy (lease) for a period of one year with the right of subsequent gratuitous transfer of the state property, that has not been used for more than one year, to the

ownership of the organization of industrial activity and development of public services, except trade and intermediary activities.

Footnote. Article 106 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2).

Article 107. Preparation of the object to privatization

1. Preparation of the object to privatization shall be carried out by the seller.

2. In the process of the preparation of the object to privatization the seller shall:

1) assess the market value of the object of privatization in accordance with Article 100-1 of this Law;

2) prepare and provide on-demand of the buyer information about the burdens of objects of privatization and the amount of payables and debtor indebtedness, concluded by the agreements of the privatized enterprise, if the object of privatization is an enterprise as a property complex;

3) in case of availability of material assets of the state material reserve at the object of privatization, the authorized body in the field of the state material reserve and the relevant central executive bodies shall be notified within five working days after the decision to carry out these procedures;

4) define the conditions, forms and types of privatization, prepare for its conduct;

5) secure the safety of the property;

6) carry out other measures, that are necessary for the privatization.

3. Officials of the state legal entities and also legal entities, whose shares and stakes of participating of the state in the charter capitals are subjected for sale, shall provide the information necessary for preparation of the property for sale upon the request of the seller, in deadlines defined by him.

Responsibility for adequacy of the provided information shall be imposed on legal entities listed in this paragraph.

Footnote. Article 107 as amended by the Law of the Republic of Kazakhstan dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016).

Article 108. The order of the calculations

1. The calculations under the buy and sell agreement of the object of privatization shall be made between the seller and the buyer.

2. Payment of the acquired object shall be made within thirty days from the day of signing the buy and sell agreement.

3. Payment in installments shall be allowed only in the cases, when the conditions of possible installment have previously been disclosed to participants of tenderers.

4. The amount of the original contribution on the installment sale of privatized property may not be less than fifteen percent of the sale price and the period of installment payment may not exceed three years.

On payment of subsequent sums the rules of execution of the bill of debt established by Article 282 of the Civil Code of the Republic of Kazakhstan shall be applied.

On the installments sale for not yet paid amounts shall be charged interests proceed from the official refinance rate of the National Bank of the Republic of Kazakhstan.

5. Securing of timely repayment shall be the right of pledge of the seller to the acquisition by the buyer of the property if any other security shall not be provided for by buy and sell agreement.

Article 109. Funds received from the privatization

1. The funds, received from privatization of the republican property shall be sent to the National Fund of the Republic of Kazakhstan, the communal property – to the appropriate local budget.

The use of funds received from the sale of material values of the state material reserve, shall be established by the Budget Code of the Republic of Kazakhstan.

2. Preparation and holding tender on privatization shall be implemented at the expense of budget funds.

Footnote. Article 109 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 110. Control over execution of buy and sell agreement

1. Subsequent control over proper execution of conditions of the buy and sell agreement on the object of privatization shall be carried out by the seller.

2. Control over execution of conditions of the agreement shall be hold until the moment of termination of implementation of obligations by the buyer.

To control the seller shall get acquainted with the documents related to the execution of the buy and sell agreement, including ceases of terminating its activity, and attracts experts, and engage experts, appraisers, as well as consulting, audit and other organizations.

Footnote. Article 31 as amended by the Law of the Republic of Kazakhstan dated 10.01.2018 No. 134-VI (shall be enforced upon expiry of six months after its first official publication).

Article 111. Responsibility of an owner of privatized enterprise for environmental damage

1. Responsibility for the environmental damage and damage to health as a result of economic activity prior to the privatization shall carry out the previous owner of the object of privatization - the state.

2. Distribution or transposition of the environmental damage and environmental risks to the new owner shall be possible only with his consent.

3. After the privatization the ownership right to waste, as well as the obligations on safe handling of waste and its exclusion, remediation and restoration of lands shall transfer to the new owner.

4. Responsibility for environmental damage by the economic activities of the new owner shall be set by laws of the Republic of Kazakhstan.

Article 112. Invalidation and denouncement of the buy and sell agreement

1. The basis for invalidation of the buy and sell agreement on object of privatization by court shall be:

1) sell of the object to the person, that is not entitled to its acquisition;

2) providing to the buyer of illegal privileges and advantages;

3) significant violation of the order of holding tenders;

4) other grounds, provided for by the Civil Code of the Republic of Kazakhstan and other laws of the Republic of Kazakhstan.

2. In case of the further alienation of the object of privatization by the buyer prior to the invalidation of the buy and sell agreement vindication of it from the acquirer may be possible by the rules provided for by Articles 260 - 262 of the Civil Code of the Republic of Kazakhstan.

3. Time limit for claims on disputes concerning invalidation of buy and sell agreement shall be six months from the date of its signing, if the claim is filed by a party of the contract. In the case of filing of suit by other interested parties either by the Prosecutor the time limit for claims on disputes shall be six months from the day when the plaintiff knew or should have known about the circumstances that have been the basis for invalidation of the contract, but not later than 3 years from the day of signing the contract.

4. The buy and sell agreement of privatization object may be terminated on the grounds and order, provided for by the Civil Code of the Republic of Kazakhstan.

5. Termination of buy and sell agreement shall entail a return by the parties of what has been done by them according to the obligation prior to the termination of the contract and compensation of damages by the party, that has broken the contract.

Article 113. Privatization of the objects of public housing fund

Particularities of privatization of objects of public housing fund shall be regulated by the Law of the Republic of Kazakhstan "On housing relations".

Paragraph 3. Other methods of alienation of state property

Article 114. Transferring of the property as property contribution to the charter capital of limited liability partnerships or in payment of the acquisition of shares of joint stock companies

1. The decision on transfer of the republican property to the charter capital of limited liability partnership either to the payment of shares of joint stock company shall be taken by the Government of the Republic of Kazakhstan.

2. The decision on transfer of communal property to the charter capital of limited liability partnership either to payment of shares of joint stock company shall be taken by the local executive body of the relevant administrative-territorial unit.

3. Transfer to the charter capital of limited liability partnerships or in payment of shares of joint stock companies of state property relating to the strategic objectives, shall be carried out in compliance of the requirement on the making the transactions with strategic objectives.

4. The state property, that may only be in state ownership, as well as the state property, that is not subjected to alienation in accordance with the acts of the President of the Republic of Kazakhstan, may not be used as property contribution to the charter capital of limited liability partnerships or in payment of the acquisition of shares of joint stock companies.

Unless otherwise provided by the first part of this paragraph, the state property, that is not subjected to privatization, may be transferred as payment of shares of national management holding company, national holding or a national company on the conditions and order established by the Government of the Republic of Kazakhstan, and also by other legal entities in cases determined by the legislative acts of the Republic of Kazakhstan. Also as property contribution to the charter capital of limited liability partnership or in payment of the shares of joint stock company may be transferred by the right of possession and (or) use of the state property, that is not subjected to privatization, according to the rules of paragraph 1 of Article 59 of the Civil Code of the Republic of Kazakhstan and the laws of the Republic of Kazakhstan "On joint stock companies" and "On limited and additional liability partnerships".

Footnote. Article 114 as amended by the Law of the Republic of Kazakhstan dated 04.07.2013 № 132-V (shall be enforced upon expiry of ten calendar days after its first

official publication).

Article 115. Alienation of land plots

The transfer of land plots into private ownership shall be carried out in the frameworks of special procedures, stipulated by the Land Code of the Republic of Kazakhstan.

Article 116. Alienation of state property that is attached to the National Bank of the Republic of Kazakhstan

Alienation of state property that is attached to the National Bank of the Republic of Kazakhstan shall be carried out in accordance with the Law of the Republic of Kazakhstan "On the National Bank of the Republic of Kazakhstan".

Article 117. Alienation of property, received to the composition of state property on certain bases

Alienation of property, that has been transferred into the state property on certain bases, provided for by Article 210 of this Law, shall be carried out in the frameworks of procedures established by Article 213 of this Law.

Article 118. Transfer into ownership of the religious associations of cultural buildings (construction) and other property of cult appointment

1. Local executive bodies of regions, cities of republican status, capital shall be entitled to transfer to religious associations into the ownership of cultural buildings (construction) and other property of cult appointment that is owned by the state. Religious associations shall have priority right to be transferred of cult buildings (constructions) with the adjacent territory.

2. Is excluded by the Law of the Republic of Kazakhstan dated 11.10.2011 No. 484-IV (shall be enforced upon expiry of ten calendar day after its first official publication)

Footnote. Article 118 as amended by the Law of the Republic of Kazakhstan dated 11.10.2011 No.484-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 119. Transfer of state land grant into private ownership

Transfer of the state natural grant, relating to the republican or communal property to the private property shall be made in the order and on the terms, which are provided for by the Entrepreneurial code of the Republic of Kazakhstan.

Footnote. Article 119 as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Article 119-1. Gratuitous transfer of state property to an autonomous organization of education

State property shall be transferred gratuitously to the autonomous organization of education by the Government of the Republic of Kazakhstan.

Footnote. Chapter 10 is supplemented by Article 119-1 in accordance with the Law of the Republic of Kazakhstan dated 21.07.2015 № 337-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 119-2. Gratuitous transfer of electrical networks

The electric networks, recognized as ownerless according to the civil legislation of the Republic of Kazakhstan shall be gratuitously transferred by local executive bodies to power transmitting organizations to which electric networks they are directly connected.

Footnote. Chapter 10 is supplemented by Article 119-2 in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 119-3. Free transfer of lines (networks), communication facilities

The lines of communication taken out of the development zone of the line (network), in accordance with the legislation of the Republic of Kazakhstan, shall be subject to free transfer by the customer of construction to ownership of the organization that owns the lines (networks) of communication facilities where the removal (transfer) took place at the reconstruction site.

Footnote. Chapter 10 is supplemented by Article 119-3 in accordance with the Law of the Republic of Kazakhstan dated 05.10.2018 No. 184-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 120. Gratuitous transfer of state property into the ownership of the small business entity

1. Small business entities may be transferred in property tenancy (lease) or entrusted administration, that has not been used for more than one year, objects of state property for the organization of industrial activity and development of public services, except trade-intermediary activities, with subsequent gratuitous transfer into the ownership of the property upon the expiry of one year from the moment of the conclusion of the contract.

2. Control over the implementation by the small business entity of conditions of the tenancy agreement (lease) or of the entrusted administration shall be carried out by

the relevant territorial subdivision of the authorized body on state property or local executive body.

3. Gratuitous transfer to small business entities into the ownership of state property, that has been transferred to the property tenancy (lease) or entrusted administration for the organization of industrial activity and development of services to the population shall be carried out upon the expiry of one year from the moment of the conclusion of contracts of property tenancy (lease) or the entrusted administration in the case of the execution of provided for by them conditions.

4. The procedure for providing the subjects of small business in property lease (rent) or trust management of unused objects of state property for organizing production activity and development the sphere of services for the population with subsequent gratuitous transfer to the property shall be determined by the authorized body on state planning.

Footnote. Article 120 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 121. Alienation of property, that may not belong to the state and property that has been received to the composition of state property on certain bases

1. If to the composition of state property, has been received the property that may not belong to the state due to the requirements of laws of the Republic of Kazakhstan, this property shall be alienated within one year from the date of acquisition of the rights to this property and funds from the realization of property shall be credited to the budget.

2. Alienation of the property specified in paragraph 1 of this Article shall be carried out according to the rules of Article 213 of this Law.

Paragraph 4. Direct targeted sale of state property to a State Islamic Special Financial Company

Footnote. Chapter 10 is supplemented by Paragraph 4 in accordance with the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 121-1. Direct targeted sale of state property of a State Islamic Special Financial Company with obligation to repurchase it

1. The objects of state property, defined in the decision of the Government of the Republic of Kazakhstan on the issue of Islamic state securities shall be subject to direct targeted sale of the State Islamic Special Financial Company.

2. Direct targeted sale of state property of a State Islamic Special Financial Company with the obligation to repurchase it in accordance with the terms of issue of state Islamic securities shall be carried out by the authorized agency on state property

based on the decision of the Government of the Republic of Kazakhstan on the issue of state Islamic securities.

3. A pledge and execution upon property sold to a State Islamic Special Financial Company on the basis of a decision of the Government of the Republic of Kazakhstan, and also arrestment of such property shall not be allowed.

SECTION 5. PARTICULARITIES OF MANAGING OF CERTAIN TYPES OF STATE PROPERTY
Chapter 11. EXERCISE OF RIGHTS BY THE STATE TO THE PROPERTY OF STATE LEGAL ENTITIES

Paragraph 1. General provisions on state legal entities

Article 122. Exercise of state property rights concerning the property of state legal entities

1. The rights of the subject to republican property law concerning the property of state legal entities on behalf of the Republic of Kazakhstan shall carry out the authorized body on state property, the National Bank of the Republic of Kazakhstan or another state body implementing the rights of the subject to republican property law by decision of the Government of the Republic of Kazakhstan.

2. The management of the state legal entities shall be carried out by the authorized bodies of the relevant fields.

3. Concerning the state legal entities, for that the Government of the Republic of Kazakhstan has not determined the authorized body of the relevant fields, as well as at the termination of the authorized body of the relevant field of the rights to management of state legal entities, functions of the authorized body of the relevant field shall perform the authorized body on state property.

Note of the RCLI!

This version of paragraph 4 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law “On state property” dated 01.03.2011 № 413-IV).

4. The rights of the subject of the right of communal property in relation to communal legal entities shall be exercised by local executive bodies of regions, cities of republican significance, the capital city, districts, cities of regional significance or the Akims’ administrations of the cities of district significance, villages, townships, rural districts.

Note of the RCLI!

This version of paragraph 5 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law “On state property” dated 01.03.2011 № 413-IV).

5. The local executive body or Akim’s administration of the city of district significance, village, township, rural district shall act as the body, exercising management of communal legal entities of the relevant administrative-territorial unit.

Footnote. Article 122 as amended by the Law of the Republic of Kazakhstan dated 13.06.2013 № 101-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph1) of paragraph1 of Art. 2).

Article 123. State registration and reregistration of state legal entities

1. State legal entity shall be regarded as established and shall acquire the rights of legal entity from the moment of its state registration.

The state registration of state legal entities shall be carried out in accordance with the legislation of the Republic of Kazakhstan on state registration of legal entities and record registration of branches and representative offices.

2. State legal entity shall be subjected to reregistration in cases provided for by the Civil Code of the Republic of Kazakhstan, and also the Law of the Republic of Kazakhstan "On state registration of legal entities and record registration of branches and representative offices".

Article 124. Constitutional documents of state legal entities

1. The constituent document of the state enterprise shall be the charter and the constituent document of the state institution shall be the charter or provision.

Note of the RCLI!

This version of part two of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12. 2017 of the Law of the Republic of

Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

The charter (provision) of the republican state institution shall be approved by the authorized body of the relevant branch, and the charter (provision) of the communal state institution - by the local executive body or, in agreement with the local community meeting, by the Akim's administration of the city of district significance, village, township, rural district.

Note of the RCLI!

This version of part three of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

The charter of a republican state enterprise shall be approved by the authorized body on state property, other state body, exercising the rights of a subject of republican ownership rights by the decision of the Government of the Republic of Kazakhstan, and the charter of a communal state enterprise - by local executive body or in agreement with the local community meeting – by the Akim’s administration of the district significance, village, township, rural district.

The Charter of the republican state enterprise shall be approved by the authorized body on state property, or other state body, exercising the rights of the subject of republican property law on the decision of the Government of the Republic of Kazakhstan and the charter of communal state enterprise by the local executive body.

2. The charter (provision) of state legal entity shall contain:

- 1) indication of the type of state legal entity;
- 2) name (firm name);
- 3) information about the founder and the authorized body of the relevant field;
- 4) location area;
- 5) subject and purposes of activity;
- 6) the powers of the head;
- 7) powers of the supervisory board in cases of its establishment;
- 8) work pattern;
- 9) order of formation of property;
- 10) conditions of reorganization and liquidation.

Note of the RCLI!

This version of part two of paragraph 2 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

The charter (regulation) shall also define the relationship between a legal entity and an authorized body on state property or a local executive body or Akim's administration of the city of district significance, village, township, rural district, between a legal entity and an authorized body of a relevant branch, administration of a legal entity and its labour collective. The charter (provision) may contain other provisions, not contradicting the legislation of the Republic of Kazakhstan.

3. To the constituent document of state institutions, that are government bodies, shall be applied the provisions of this Article, unless otherwise provided for by the legislation of the Republic of Kazakhstan or by an individual act on its creation.

Note of the RCLI!

This version of paragraph 4 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

4. State institution by the decision of an authorized body of the relevant branch or a local executive body or Akim's administration of the city of district significance, village, township, rural district, and a state enterprise by the decision of an authorized body on state property or a local executive body, or Akim administration of the city of district significance, village, rural district shall carry out activity on the basis of a standard charter (general provision), approved by the Ministry of Justice of the Republic of Kazakhstan.

Footnote. Article 124 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement,

see subparagraph 1) of paragraph 1 of Article 2).

Article 125. The firm name of the state enterprise, name of the state institution

Note of the RCLI!

This version of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

1. The firm name of a state enterprise shall contain an indication of its affiliation to the type of state property (republican or communal), departmental subordination (if it exists). The firm name of the enterprise on the right of operational management should also indicate that it is official.

The name of a public institution shall contain an indication of its affiliation to a type of state property (republican or communal), organizational and legal form, and departmental subordination. The name of state institutions, being the state bodies, shall be determined by the legislation of the Republic of Kazakhstan or individual acts on their creation.

2. State legal entity shall have a stamp with the State Emblem of the Republic of Kazakhstan and the name of the legal entity.

Footnote. Article 125 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Article 2).

Article 126. Subject and purposes of activity of state legal entity

Note of the RCLI!

This version of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version date 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

1. The subject and objectives of the state institution’s activities shall be determined by an authorized body of the relevant branch or a local executive body or in agreement with the local community meeting by the Akim’s administration of the city of district

significance, village, township, rural district and shall be fixed in the charter (provision) of the state institution.

The subject and objectives of the activity of republican state enterprise, as well as the type of state enterprise (on the right of economic management or public enterprise), carrying out such activities, shall be determined in accordance with the requirements of Article 134 of this Law by an authorized body on state property at the request of an authorized body of the relevant branch, and of the communal state enterprise – by a local executive body or in agreement with the local community meeting – by the Akim administration of city of district significance, village, township, rural district.

2. Transferring by the state legal entities (except for state bodies) of state control and supervisory functions shall not be allowed.

3. State legal entity may not create, and also be a founder (participant) of another legal entity, unless otherwise provided for by paragraph 3 of Article 135 of this Law and laws of the Republic of Kazakhstan.

4. The exercising by state legal entities of activities and making the transactions that do not meet the subject and purposes of their activity, as stated in the charter (provision) shall be prohibited.

Note RCLI!

This version of part one of paragraph 5 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

5. A transaction made by a state legal entity in contradiction with the objectives of the activity, which is specifically limited by the laws of the Republic of Kazakhstan or constituent documents, or with violation of the statutory competence of its head, may be declared invalid in the claim of:

an authorized body of the relevant branch;

an authorized body for state property;

local executive body;

the Akim’s administration of the city of district significance, village, township, rural district;

the prosecutor.

The actions of the head of state legal entity, aimed at the implementation by the legal entity of non-statutory activities are the violation of work duties and shall entail taking of measures of disciplinary and material responsibility.

Footnote. Article 126 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Article 2).

Article 127. Property of state legal entity

1. Property of state legal entity shall be composed from the assets of the legal entity, the cost of that shall be reflected on its balance sheet.

2. Property of state legal entity shall be indivisible and may not be distributed to investments (stakes of participation in the authorized capital, shares), including between employees of the state legal entity.

3. Property of state legal entity shall be formed by:

1) the property, that has been transferred to him by the owner;

2) property (including financial income), that has been acquired in the result of his own activities;

3) other sources, that are not prohibited by the legislation of the Republic of Kazakhstan.

Article 128. The acquisition and termination of rights of economic management and operative management

1. Acquisition and termination of the right of economic management and the right of operative management shall be carried out under conditions and in order provided for by the Civil Code of the Republic of Kazakhstan for the acquisition and termination of ownership and other proprietary rights, unless otherwise provided in this Article or shall not contradict to the nature of the proprietary rights.

2. The right of economic management or the right of operative management of the property in respect of that the by an owner has been taken decision on fixing it for the already established state legal entity, shall arise to this state legal entity at the moment of fixing the property on his balance sheet, unless otherwise stipulated by legislation of the Republic of Kazakhstan or by the decision of the owner.

3. Fruit, products and incomes from the use of property, that is in economic management (operative management), and also property, that has been acquired by a state legal entity under contract or bases, shall proceed into economic management (operative management) of the state legal entity in the order established by the legislation of the Republic of Kazakhstan for acquisition of the property right.

4. The right of economic management (operative management) of property shall be terminated on the grounds and in the order provided for by Article 249 of the Civil

Code of the Republic of Kazakhstan for the termination of the property right, and in cases provided for by Articles 144, 154, 162 of this Law.

Article 129. Reservation of rights by the state legal entity to the property under change of the type of state property or departmental affiliation

On the transfer of property of state legal entity from the republican to communal ownership or vice versa, or from the jurisdiction of one of the authorized body of the relevant field (local executive body) in the subordination of another such state entity shall reserve the rights to property, that is belonging to him.

Article 130. Reorganization and liquidation of state legal entity

Note of the RCLI!

This version of part one of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

1. Reorganization and liquidation of a republican legal entity shall be made by the decision of the Government of the Republic of Kazakhstan, and reorganization and liquidation of a communal legal entity - by the decision of a local executive body or in agreement with the Akim of the district (the city of regional significance) and the local community meeting – of the Akim’s administration of the city of district significance, village, township, rural district.

The state legal entity shall also be liquidated on other grounds, provided for by the Civil Code of the Republic of Kazakhstan, paragraph 5 of Article 97, paragraph 4 of Article 98 of this Law.

Reorganization and liquidation of the republican legal entity shall be carried out by the authorized body of the relevant field as may be agreed with the authorized body on state property, unless otherwise established by the laws of the Republic of Kazakhstan.

Note of the RCLI!

This version of part four of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

Reorganization and liquidation of communal legal entity shall be carried out by a local executive body or in agreement with the Akim of the district (city of regional significance) and the local community meeting — by the Akim's administration of the city of district significance, village, township, rural district.

Note of the RCLI!

This version of part one of paragraph 2 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version date 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

2. The property of a liquidated state legal entity, remaining after satisfaction of the claims of creditors, shall be redistributed by an authorized body for state property or a local executive body or in agreement with the Akim of the district (the city of regional significance) and the local community meeting – by the Akim’s administration of the city of district significance, village, township, rural district.

Money of the liquidated state legal entity, including funds, received as a result of the realization of property of this legal entity that has remained after the satisfaction of the requirements of the creditors, shall be credited to the income of the relevant budget.

Footnote. Article 130 as amended by the Law of the Republic of Kazakhstan dated 04.04.2015 № 308-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Article 2).

Note of the RCLI!

This version of Article 131 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

Article 131. Appeal of illegal actions (inaction) of state bodies by a state legal entity

A state legal entity shall have the right to appeal to the court against illegal actions (inaction) of state bodies, including actions (inaction) of an authorized body for state property and an authorized body of the relevant branch, local executive body, the Akim's administration of the city of district significance, village, township, rural district, related to redistribution of property, as well as other actions (inaction), that violate the rights of the state legal entity in accordance with the procedure, established by the legislation of the Republic of Kazakhstan.

Footnote. Article 131 is in the wording of the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Article 2).

Paragraph 2. General provisions on state enterprise

Article 132. Types of state enterprises

The state enterprises shall include state enterprises that based on the right of:

- 1) economic management;
- 2) operative management (public enterprise).

Article 133. Creation, reorganization and liquidation of state enterprises

Note of the RCLI!

This version of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan "On state property" dated 01.03.2011 № 413-IV).

1. The republican state enterprise shall be created by the Government of the Republic of Kazakhstan, the communal state enterprise - by a local executive body or in agreement with the Akim of the district (the city of regional significance) and the local community meeting - by the Akim's administration of the city of district significance, village, township, rural district.

2. The state shall create state enterprises in order to solve the socio-economic issues, determined by the needs of society and the state, in the following cases:

- 1) the lack of other opportunities to secure national security, national defense capability and protection of the interests of society;
- 2) the use and support of state-owned strategic objectives;
- 3) for the implementation of activities concerning the state monopoly;
- 4) the existence of community needs in the production of goods in the spheres of social production, of absent or underdeveloped competition;

5) when such creation is directly provided for by the laws of the Republic of Kazakhstan.

3. State enterprises in cases provided in subparagraph 1) of paragraph 2 of this Article shall be created by Government of the Republic of Kazakhstan and the National Bank of the Republic of Kazakhstan.

State enterprises in cases referred to in subparagraph 3) of paragraph 2 of this Article shall be created by Government of the Republic of Kazakhstan and local executive bodies of regions, cities of Republican status, the capital on the decision of the Government of the Republic of Kazakhstan.

Note of the RCLI!

This version of part three of paragraph 3 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

In other cases, state enterprises shall be created by the Government of the Republic of Kazakhstan and by the National Bank of the Republic of Kazakhstan (republican enterprises) or by a local executive body or in agreement with the Akim of the district (the city of regional significance) and local community meeting – by the Akim’s administration of the city of district significance, village, township, rural district (communal enterprises).

Creation of state-owned enterprises shall be carried out in the manner, determined by the Entrepreneurial Code of the Republic of Kazakhstan and other laws of the Republic of Kazakhstan, subject to the restrictions, established by Article 134 of this Law.

4. Reorganization and liquidation of a state enterprise shall be carried out in the order, provided in Article 130 of this Law, with the peculiarities stipulated in this Article.

Note of the RCLI!

This version of paragraph 5 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of the district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of

Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

5. Transformation of the republican state enterprise on the right of economic management into a public enterprise shall be carried out by the decision of the Government of the Republic of Kazakhstan upon presentation of an authorized body of the relevant branch, agreed with the authorized body on state property, transformation of a communal state enterprise on the right of economic management into a public enterprise – by the decision of a local executive body or in agreement with local community meeting – by the decision of the Akim’s administration of the city of district significance, village, township, rural district.

6. All costs for the transformation of the state enterprise on the right of economic management to the public enterprise, as well as estimates of the restructured state enterprise with its creditors in the absence of sufficient funds from the state enterprise shall be carried out at the expense of the relevant budget.

7. Created on the basis of the state enterprise on the right of economic management public enterprise shall be the legal successor of the restructured state enterprises on his previously allocated to state property and money, and also in terms of land use, natural resources, use of mineral resources, the provision of quotas, licenses and agreements previously entered into force, if the latter correspond to the subject and purposes of the activity of newly established public enterprises.

8. At transformation of the state enterprise on the right of economic management to the public enterprise the legal regime of the property that is attached to him, the right of economic management shall change to the right of operative management from the date of taking the decision on reorganization of the state enterprise.

Footnote. Article 133 as amended by the Law of the Republic of Kazakhstan dated 10.07.2012 No.34-V (shall be enforced from the date of its official publication); dated 04.22.2015 № 308-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 10.29.2015 № 376-V (shall be enforced from 01.01.2016); dated 03.07.2017 № 86-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Article 2).

Article 134. Tasks for the activity of state enterprise

1. State enterprises in the cases stipulated by subparagraph 4) of paragraph 2 of Article 133 of this Law, may be created and previously existing may act only for performing the activities stipulated by this Article.

2. State enterprise on the right of economic management shall carry out their activity in the field of:

1) life support of human settlements (energy, gas, water, heat supply, wastewater disposal and disposal of communal waste, creation and operation of landfills of waste);

2) creation of forest park, the green and protection zones of limited regime of natural resource use and forestation;

3) contributing to the implementation of the functions assigned to them by the National Bank of the Republic of Kazakhstan, the Administrative Department of the President of the Republic of Kazakhstan and its departments and bodies of the diplomatic service of the Republic of Kazakhstan, as well as local executive bodies of the capital and the city of Almaty functions in the field of ensuring the compulsory alienation of land for state needs, their release from buildings (structures, structures);

4) content of state roads;

4-1) quality expertise of work and materials in construction, reconstruction, repair and maintenance of roads, as well as management of road assets;

5) health care; primary, basic secondary, general secondary, technical and professional, post-secondary, higher, postgraduate and continuing education;

5-1) provision of special social services for the persons (families) in difficult life situations;

5-2) provision of prosthetic and orthopedic and hearing aid;

5-3) provision for employment services;

6) exploitation of sports and recreation objectives, parks of culture and rest;

7) scientific research, commercialization of the results of scientific activity;

7-1) providing scientific linguistic expertise of draft legislative acts, international treaties to which the Republic of Kazakhstan intends to become a party, draft international treaties, ensuring analysis of the effectiveness of legislation (analyzing regulatory legal acts), developing scientific concepts for development of legislation of the Republic of Kazakhstan, carrying out fundamental and applied scientific research in the development of draft regulatory legal acts;

7-2) ensuring the translation of legislation acts into English and access to them;

8) the production of topographic and geodetic and cartographic works, land management work for the state land cadastre, information databases on subsoil and subsoil use, the state fund of environmental information and state cadastres of natural resources of the Republic of Kazakhstan, the state register of regulatory legal acts of the Republic of Kazakhstan, the reference control bank of regulatory legal acts of the Republic of Kazakhstan, a unified database of analytical and sociological research of state bodies of the Republic of Kazakhstan, funded from the republican budget, including joint research with international organizations;

9) maintenance, operation, repair and reconstruction, as well as ensuring the safety of state-owned water management systems and facilities;

10) protection and quarantine of plants, quarantine phytosanitary examination of regulated products;

11) execution of works on scientific research, conservation, restoration, reconstruction, repair and adjustment of the monuments of history and culture;

12) activities of the seaport;

13) provision of air navigation services to the users of the airspace of the Republic of Kazakhstan;

14) formation and keeping of state material reserves;

15) implementation of industrial and economic activities in the sphere of technical regulation, ensuring the uniformity of measurements and the sphere of standardization;

15-1) implementation of production and economic activities in the field of economy, pricing and management in construction;

16) the production activity in the field of criminal-executive system and the organization of employment of prisoners;

17) is excluded by the Law of the Republic of Kazakhstan dated 29.01.2013 No. 74-V (shall be enforced upon expiry of ten calendar day after its first official publication)

18) exercise the functions of:

the referential function for the diagnosis of animal diseases;

epizootic monitoring of diseases of wild animals in the Republic of Kazakhstan;

maintenance of the National collections of deposited strains of microorganisms;

registration tests, approbation of veterinary drugs, feed additives, and control series (batch) of products on their complaint;

state monitoring of reference on securing food security;

safety monitoring of veterinary drugs, feed and feed additives;

conducting veterinary measures against extremely dangerous and enzootic diseases of animals;

identification of livestock;

rendering of services on artificial insemination of animals;

rendering of services on transportation (delivery), storage of veterinary drugs against extremely dangerous and enzootic diseases of animals, as well as transportation (delivery) of products (assets) and attributes for veterinary use for the identification of livestock;

the keeping of burial (biothermal pit), slaughter sites (sites on slaughter of livestock), built by the local executive bodies of the relevant administrative-territorial units;

catching and destruction of stray dogs and cats;

maintenance, presentation of veterinary accounting and reporting;

issue of veterinary certificate;

database maintenance on identification of livestock and issue of abbreviate from it;

selection of samples of biological material and their delivery to veterinary laboratory;

rendering of services on transportation of affected animals on diseased animal slaughter;

depositing strains of microorganisms;

diagnostics of especially dangerous and exotic animal diseases first identified in the territory of the Republic of Kazakhstan;

19) Is excluded by the Law of the Republic of Kazakhstan dated 10.07.2012 No. 34-V (shall be enforced upon expiry of ten calendar day after its first official publication)

20) Is excluded by the Law of the Republic of Kazakhstan dated 10.07.2012 No. 34-V (shall be enforced upon expiry of ten calendar day after its first official publication)

20-1) selling (including exporting), liquidation through destruction, disposal, burial and processing of unused property, leasing defense facilities, purchasing (including importing) military goods (products), dual-use goods (products) (applications), military works and military services for the needs of the Armed Forces of the Republic of Kazakhstan, other troops and military formations, special state and law enforcement authorities of the Republic of Kazakhstan, state material reserve, mobilization, space activities, as well as the export of goods (products) of military goods (products) dual-purpose (application);

21) is excluded by the Law of the Republic of Kazakhstan dated 08.04.2016 № 490-V (shall be enforced upon expiry of ten calendar days after its first official publication);

22) is excluded by the Law of the Republic of Kazakhstan dated 17.11.2015 № 408-V (shall be enforced from 01.03.2016);

23) maintenance of state town-planning cadastre;

24) performance of mine-rescue, well-kill, gas-rescue, preventive measures, as well as the works, linked with fire-fighting and immediate treatment, and other rescue and salvage operations, conducted in emergency and accident situations;

25) operation (maintenance, development) of the metro system, as well as conducting the carriage of passengers and baggage by the metro system;

26) is excluded by the Law of the Republic of Kazakhstan dated 17.11.2015 № 408-V (shall be enforced from 01.03.2016);

27) implementation of special engineering measures of civil protection;

28) protection of intellectual property rights.

3. Public enterprises shall carry out its activity in the field of:

1) Is excluded by the Law of the Republic of Kazakhstan dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after its first official publication).

2) health care;

3) preschool upbringing and education, secondary education, technical, vocational training and post-secondary education;

3-1) postgraduate education, if they are educational organizations under the President of the Republic of Kazakhstan;

4) safety and labor protection, employment, culture and sports;

4-1) provision of special social services for the persons (families) in difficult life situations;

4-2) provision of prosthetic and orthopedic and hearing aid;5) scientific research;

6) securing the protection, sustainable use, reproduction and artificial breeding of the objects of animals world, the vegetable world with the aim of conservation of biological diversity and the gene pool, as well as preservation of nature (zoological parks, botanical gardens, dendrological parks), exercising aerial work on the safe-keeping and protection of the forest fund;

7) excluded by the Law of the Republic of Kazakhstan dated 28.10.2019 No. 268-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication);

8) provision of special social services for persons (families), that are in difficult life situation;

9) is excluded by the Law of the Republic of Kazakhstan dated 10.07.2012 No. 34-V (shall be enforced upon expiry of ten calendar day after its first official publication)

10) classification and securing technical security of courts;

11) forensic expertise.

3-1. State veterinary organizations, formed by local executive bodies, can carry out, in the manner prescribed by the legislation of the Republic of Kazakhstan, the types of entrepreneurial activities in the field of veterinary medicine specified in Article 13 of the Law of the Republic of Kazakhstan "On Veterinary Medicine".

4. State enterprises - subjects of natural and state monopolies shall be prohibited to carry out the activities, that are not provided for by this Law and other laws of the Republic of Kazakhstan.

Footnote. Article 134 as amended by the Law of the Republic of Kazakhstan dated 21.07.2011 No.468-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 09.01.2012 No.535-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.01.2012 No.540-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 27.04.2012 No.15-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 10.07.2012 No. 34-V (shall be enforced upon expiry of ten calendar day after its first official publication); dated 29.01.2013 No.74-V (shall be enforced upon expiry of ten calendar days after its first official publication); 17.01.2014 No.165-V (shall be enforced upon expiry of ten calendar days after its first official publication); 21.01.2014 No.167-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.04.2014 No. 189-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2014 № 225-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2014 № 236-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.12.2014№ 269-V (shall be enforced from 01.01.2015); dated 15.06.2015 № 322-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 27.10.2015 № 362-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 28.10.2015 № 366-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 13.11.2015 № 398-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 03.12.2015№ 433-V(shall be enforced from 01.01.2016); dated 17.11.2015 № 408-IV (shall be enforced from 01.03.2016); dated 08.04.2016 № 490-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 10.05.2017 № 64-VI (shall be enforced upon expiry of ten calendar days after its first official publication);

dated 13.06.2017 № 69-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 30.11.2017 № 112-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 16.04.2018 No. 147-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 20.06.2018 No. 161-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2018 No. 171-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.10.2018 No. 184-VI (shall be enforced see Article 2); dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 18.03.2019 No. 237-VI (shall be enforced upon expiry of twenty one calendar days after its first official publication); dated October 28, 2019 No. 268-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated December 27, 2019 No. 291-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 135. Disposition of property of state enterprise

1. State enterprise shall independently implement the manufactured by him products.

2. State enterprise shall not be entitled to alienate on the basis of buy and sell agreement, exchange, and donation of property relating to basic assets.

3. A state enterprise may not create legal entities, as well as act as a founder (member) of another legal entity, with the exception of cases, provided for by the laws of the Republic of Kazakhstan.

Footnote. Article 135 as amended by the Law of the Republic of Kazakhstan dated 04.04.2015 № 308-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 136. State enterprises as the property complex

1. The state enterprise as a property complex shall include all kinds of property intended for its activity, including buildings, constructions, equipment, inventory, raw materials, products, right to land plot, right to claim, debts, rights to designations, personalizing its activity (firm name, trade marks) and other exclusive rights.

Note of the RCLI!

This version of paragraph 2 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district

significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

2. Transactions (pledge, lease, etc.), where the enterprise acts as a single property complex, shall be made in respect of the republican state enterprise by the decision of the Government of the Republic of Kazakhstan, and in respect of the communal state enterprise – by the decision of the local executive body or in agreement with the local community meeting – by the decision of the Akim’s administration of the city of district significance, village, township, rural district.

Footnote. Article 136, as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2).

Article 137. Seizure from the state enterprise of illegally received income

Income received by the state enterprise from engaging activities, prohibited by the legislation of the Republic of Kazakhstan, that is not provided for by its charter, and also the incomes received as a result of overestimation of the fixed prices for sold goods (work, services), created with funding from the budget, shall be subjected to the seizure to the budget in the order determined by the legislation of the Republic of Kazakhstan. In case of revealing the facts of the use of property without proper reflection according to the rules of the statutory accounting, it shall also be subjected to the seizure.

Article 138. Payment for the labor of the employees of state enterprise

Note of the RCLI!

This version of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

1. The size of the wage fund of the republican state enterprise shall be annually established by the authorized body of the relevant branch, and the communal state enterprise – by the local executive body or in agreement with the local community meeting – by the Akim’s administration of the city of district significance, village, township, rural district.

2. Forms of the payment for labor, staffing chart, size of official salaries, system of bonuses and other honorary shall be determined by the state enterprise on the right of economic management independently within the fixed payment of labor fund.

The system of payment for labor of the employees of the public enterprise shall be established by the Government of the Republic of Kazakhstan.

Note of the RCLI!

This version of paragraph 3 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

3. The sizes of official salaries of the head of the republican state enterprise on the right of economic management, his deputies, the chief (senior) accountant, the system of their bonuses and other remuneration shall be established by the authorized body of the relevant branch, and the sizes of official salaries of the head of communal state enterprise, his deputies, the chief (senior) accountant, system of their bonuses and other remuneration – by the local executive body or in agreement with the local community meeting – by the Akim’s administration of the city of district significance, village, township, rural district.

Footnote. Article 138 as amended by the Law of the Republic of Kazakhstan dated 27.04.2012 No.15-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2).

Article 139. Administration the state enterprise

1. The employment relations with the head of the state enterprise shall be documented by the conclusion of employment agreement in accordance with the Labor Code of the Republic of Kazakhstan:

the republican state enterprise with the authorized body of the relevant field;

Note of the RCLI!

This version of passage three of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two

thousand and less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

the communal state enterprise with the local executive body or the Akim’s administration of the city of district significance, village, township, rural district.

2. In the employment agreement, in addition to the conditions established by the Labor Code of the Republic of Kazakhstan, shall be determined responsibility of the head of the state enterprise for the untimely allocation of established part of net income to the budget.

3. The appointment of the head, approval of the candidacy of the head in cases provided by this Law, conducting attestation shall be carried out in the manner, determined by the authorized agency for state planning, except for the first heads of certain state enterprises of education and culture, appointed and dismissed from office by the President of the Republic of Kazakhstan, as well as the first heads of secondary education organizations in the organizational and legal form of state enterprises on the right of economic management, appointed to office in accordance with the legislation of the Republic of Kazakhstan in the field of education.

4. The head of the state enterprise shall operate on the principles of one-man management and independently decide all issues of activity of state enterprise in accordance with its competence defined by this Law and the charter of the state enterprise, unless otherwise provided for by this Law and the charter of the enterprise.

5. The head of the state enterprise shall be responsible for the effectiveness and efficiency of implementation of the state enterprise development plan in accordance with the Laws of the Republic of Kazakhstan.

The head of the state enterprise shall be personally responsible for financial and economic activity and safety of the property of the state enterprise.

6. The head of the state enterprise without procurator on behalf of the state enterprise, shall represent its interests in all bodies, dispose the property of the state enterprise within the limits provided for by this Law, make contracts, issue powers of attorney, open bank accounts and make other transactions, issue orders and give instructions binding for all employees.

7. The head of the state enterprise in accordance with the Labor Code of the Republic of Kazakhstan shall hire and terminate the employment agreement with the workers of the state enterprise, take measures of encouragement and imposes penalties on them, unless otherwise provided for by this Law and the charter of the enterprise.

Note of the RCL!

This version of part two of paragraph 7 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than

two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

The nomenclature of employees of the state enterprise, who are appointed or dismissed from office by the authorized body of the relevant branch or local executive body or by the Akim’s administration of the city of district significance, village, township, rural district on representation of the head, shall be established in the charter of the state enterprise.

Note of the RCLI!

This version of part one of paragraph 8 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

8. Deputies of the head of the state enterprise shall be appointed and dismissed by the authorized body of the relevant branch or local executive body or by the Akim’s administration of the city of district significance, village, township, rural district on recommendation of the head of the state enterprise.

The competence of the deputy of the head and other senior employees of the state enterprise shall be established by the head.

9. In cases of recognition of state enterprise as bankrupt or application of rehabilitating procedure and appointment of temporary or bankrupt or rehabilitating administrator in the manner, established by the legislative act of the Republic of Kazakhstan on rehabilitation and bankruptcy, all his (her) powers on management shall be transferred respectively to temporary or bankrupt or rehabilitating administrator.

Footnote. Article 139 as amended by the Law of the Republic of Kazakhstan dated 07.03.2014 No.177-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 13.11.2015 № 398-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of

paragraph 1 of Art. 2); dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2018 No. 171-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 140. Financing of the activities of state enterprises

1. The activity of the state enterprise shall be financed in accordance with the development plan at the expense of its own income and budget funds, received in the manner determined by the budget legislation of the Republic of Kazakhstan.

The procedure for developing and approving plans for the development of state enterprises shall be determined by the authorized state planning body.

1-1. The activity of the state enterprise, established by the National Bank of the Republic of Kazakhstan, shall be financed by its own income.

The procedure for developing and approving development plans for state-owned enterprises, created by the National Bank of the Republic of Kazakhstan, monitoring and evaluating their implementation, as well as reports on their execution shall be determined by the National Bank of the Republic of Kazakhstan.

2. The standard of deduction of the part of net income of republican state enterprises, with the exception of republican state enterprises, created by the National Bank of the Republic of Kazakhstan, shall be established by the central authorized body for state planning.

Note of the RCL!

Paragraph 2 is supplemented by part two from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (for the cities of district significance, villages, townships, rural districts with population of two thousand or less people shall be enforced from 01.01.2020).

The standard of deduction of the part of net income of communal state-owned enterprises shall be established by the local executive body or the Akim's administration of the city of district significance, village, township, rural district.

The distribution standard of the part of net income, remaining at the disposal of republican state enterprises shall be established by the authorized body of the relevant branch.

The procedure for distribution of net income of republican state-owned enterprises created by the National Bank of the Republic of Kazakhstan shall be determined by itself.

Note of the RCLI!

Passage four of paragraph 2 shall be enforced for the cities of district significance, villages, townships, rural districts with population of more than two thousand people from 01.01.2018 and for the cities of district significance, villages, townships, rural districts with population of two thousand or less from 01.01.2020 by the Law of the Republic of Kazakhstan dated 30.11.2017 № 112-VI.

The standard of deduction of the part of net income of communal state-owned enterprises shall be established by the local executive body or the Akim's administration of the city of district significance, village, township, rural district.

Note of the RCLI!

Passage five of paragraph 2 shall be enforced for the cities of district significance, villages, townships, rural districts with population of more than two thousand people from 01.01.2018 and for the cities of district significance, villages, townships, rural districts with population of two thousand or less people from 01.01.2020 by the Law of the Republic of Kazakhstan dated 30.11.2017 № 112-VI.

The standard of distribution of the part of net income remained at the disposal of the communal state enterprises shall be established by the local executive body or by the Akim's administration of the city of district significance, village, township, rural district.

2-1. An air navigation service provider, which is a state enterprise subordinate to the authorized body in the field of civil aviation, makes deductions for ensuring flight safety in accordance with the legislation of the Republic of Kazakhstan on the use of the airspace of the Republic of Kazakhstan and aviation activities.

3. Part of the net income of state enterprises on established standards shall be credited to the relevant budget in the order provided for by the Budget Code of the Republic of Kazakhstan.

Note of the RCLI!

This version of part one of paragraph 4 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan "On state property" dated 01.03.2011 № 413-IV).

4. The authorized body of the relevant branch or local executive body or the Akim's administration of the city of district significance, village, township, rural district shall carry out control over the completeness and timeliness of the transfer of the established part of net income to the budget by the state enterprises.

State enterprises shall allocate part of the net income to the relevant budget not later than ten working days after the deadline established for submission of the declaration on corporate income tax.

In case of violation by the state enterprise of the term of transfer to the relevant budget of the net income, the penalty shall be charged on the unpaid sum of the net income in the amount of 2.5 times the official refinancing rate, established by the National Bank of the Republic of Kazakhstan for each day of delay.

Footnote. Article 140 as amended by the laws of the Republic of Kazakhstan dated 29.09.2014 № 239-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 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2); dated 30.11.2017 № 112-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.19.2019 No. 249-VI (shall be enforced from 01.08.2019).

Paragraph 3. State enterprise on the right of economic management

Article 141. Object of the right of economic management

1. The object of the right of economic management may be any property, unless otherwise provided for by the legislation of the Republic of Kazakhstan.

2. Managed by the state enterprise on the right of economic management may be only the property or that is necessary for the support of activities under its statutory goals, or that is the product of this activity.

Article 142. Agencies of state enterprises on the right of economic management

Agencies of the state enterprise on the right of economic management shall be its head, as well as the supervisory board in cases provided by Article 148 of this Law, or other collegial management authorities, the creation of which shall be provided by the Law of the Republic of Kazakhstan "On Education".

According to the decision of the authorized agency in the field of health care (local executive authority) in the state enterprises on the right of economic management with the supervisory board in the field of health care can be created:

1) an agency that is a collegial agency or a person solely performing the functions of an executive authority, the name of which shall be determined by the Charter of the state enterprise on the right of economic management;

2) other agencies in accordance with the Laws of the Republic of Kazakhstan and (or) the Charter of the state enterprise on the right of economic management.

Footnote. Article 142 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2018 No. 208-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 143. Charter capital of state enterprise on the right of economic management

1. The size of the charter capital of state enterprise on the right of economic management shall be determined by its founder, but may not exceed the total cost of the transferred property to the state enterprise on the right of economic management and be less than ten thousand-fold of the monthly calculation index, established on the date of state registration of the state enterprise on the right of economic management.

The size of charter capital shall be stated in the charter of the state enterprise on the right of economic management.

Charter capital shall be fully formed by an owner (founder) by the moment of state registration of the state enterprise on the right of economic management.

2. If the laws of the Republic of Kazakhstan on certain types of entrepreneurial activity establish other ways of formation and the size of the charter capital, the state enterprise on the right of economic management shall form them in the size provided for by these laws of the Republic of Kazakhstan, but not less than as indicated in paragraph 1 of this Article.

Article 144. Particularities of termination of the right of economic management

1. Apart from general grounds of termination of the right of economic management, provided for by paragraph 4 of Article 128 of this law, the right of economic management shall terminate in cases of legal seizure of property from state enterprise on the right of economic management on the decision of the owner.

The cases of legal seizure in particular shall include:

1) seizure of property, that does not meet the purposes of the statutory activity of the state enterprise on the right of economic management (paragraph 2 of Article 141 of this Law);

2) seizure of excess, unused or used otherwise than as intended property.

Note of the RCLI!

This version of paragraph 2 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of the district significance, villages, townships, rural districts with population of two thousand or

less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

2. In the decision on seizure of property on the right of economic management, the authorized body for state property or the local executive body or the Akim's administration of the city of district significance, village, township, rural district shall establish to the state enterprise, on the right of economic management, the terms for the maintenance and preservation of the property before its transfer to another person.

Footnote. Article 144 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2).

Article 145. Conditions of exercising of property rights of state enterprise on the right of economic management

1. State enterprise on the right of economic management shall independently manage the moveable property that is not related to basic assets, that is attached to them on right of economic management.

Note of the RCLI!

This version of passage one of paragraph 2 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

2. A state enterprise on the right of economic management with the written consent of the authorized body on state property on the presentation of the authorized body of the relevant branch or local executive body or the Akim's administration of the city of district significance, village, township, rural district shall be entitled to:

- 1) create branches, representative offices;
- 2) dispose of his shares of joint-stock companies and also debtor indebtedness;
- 3) issue surety or guarantee for the liabilities of third parties;
- 4) grant loans.

Note of the RCLI!

This version of paragraph 3 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated

07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

3. The money, received from transactions with the property, specified in paragraphs 1 and 2 of this Article shall be used by state enterprise on the right of economic management independently, unless otherwise provided for by the Budget Code of the Republic of Kazakhstan or by the owner (authorized body for state property, local executive body or the Akim’s administration of the city of district significance, village, township, rural district).

Footnote. Article 145 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2).

Article 146. Prices for goods (works, services), produced by state enterprises on the right of economic management

1. Prices for goods (works, services) produced by state enterprise on the right of economic management shall secure the full compensation of expenditure incurred for the production of the state enterprise on the right of economic management, breakeven of its activity and financing at the expense its own incomes.

Note of the RCLI!

This version of paragraph 2 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On State Property” dated 01.03.2011 № 413-IV).

2. Prices for goods (works, services) produced in the framework of the scope of works (services) financed from the budget shall be established by the state enterprise on the right of economic management in agreement with the authorized body of the relevant branch or local executive body or the Akim’s administration of the city of district significance, village, township, rural district.

2-1. Financing the services of state enterprises on the right of economic management in the sphere of employment of population, rendered in accordance with

the Law of the Republic of Kazakhstan "On Employment of Population" free of charge, shall be carried out at the expense of budgetary funds.

3. Prices for goods (works, services) produced and sold by the state enterprise on the right of economic management, related to the subject of natural monopoly or state monopoly, shall be established taking into account the requirements of the Entrepreneurial Code of the Republic of Kazakhstan and other laws of the Republic of Kazakhstan.

Footnote. Article 146 as amended by the Law of the Republic of Kazakhstan dated 10.29.2015 № 376-V (shall be enforced from 01.01.2016); dated 12.28.2016 № 34-VI (shall be enforced from 01.01.2017); dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2); dated 16.04.2018 No. 147-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 147. Responsibility of state enterprises on the right of economic management

State enterprise on the right of economic management shall be responsible for its obligations with all property that belong to it.

State enterprise on the right of economic management shall not be liable for obligations of the state.

Note of the RCLI!

This version of part three of Article 147 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

The state shall not be liable for the obligations of the state enterprise on the right of economic management, except the cases of bankruptcy, which have been caused by the actions of its founder, the authorized body for state property or the authorized body of the relevant branch, and in relation of bankruptcy of the communal state enterprise – by the actions of the local executive body or the Akim’s administration of the city of district significance, village, township, rural district. In these cases, the state shall be liable for the obligations of the state enterprise on the right of economic management if the latter's funds are insufficient to satisfy the creditors ' claims.

By the laws of the Republic of Kazakhstan may be established other cases of responsibility of the state under the obligations of the state enterprise on the right of economic management.

Footnote. Article 147 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph.1) of paragraph 1 of Art. 2).

Paragraph 4. Particularities of managing the state enterprise on the right of economic management with the supervisory board

Article 148. Managing the state enterprise on the right of economic management with the supervisory board

1. In the state enterprise on the right of economic management in the sphere of health care and education, on the proposal of the authorized agency of the relevant field (local executive authority) may be created the authority of the enterprise - the supervisory board, that exercising general management of the enterprise activity, with the exception of resolving issues referred by this Law and (or) the Charter of a state enterprise on the right of economic management in the field of health care and education to the exclusive competence of the authorized agency of the relevant industry (local executive authority).

Creation of the state enterprise on the right of economic management with the supervisory board in the spheres of education and health, as well as the introduction of the supervisory board in existing state enterprises on the right of economic management in the spheres of education and health shall be carried out on the basis of the decision of the Government of the Republic of Kazakhstan or local executive body.

The criteria applicable to state-owned enterprises on the right of economic management, in which Supervisory boards are created, shall be approved by the authorized body for state planning.

The number of members of the supervisory board of the state enterprise on the right of economic management shall be odd and not be less than five people, that are not closely related and properties with each other and the head of the state enterprise on the right of economic management. Members of the supervisory board shall not be included in the staff of workers of the state enterprise on the right of economic management.

Not less than thirty percent of composition of the supervisory board in state enterprises on the right of economic management in the field of health care should be independent members of the supervisory board.

The supervisory board in state-owned enterprises on the basis of the right of economic management in the field of health must include a representative of the authorized body in the field of health.

Chairman of the supervisory board shall be elected from among the members of the supervisory board by majority vote of the members of the supervisory board.

2. The order of creation of the Supervisory board, the requirements for individuals, to be elected to the Supervisory board, as well as the procedure for the competitive selection of members of the Supervisory board and early termination of their powers shall be approved by the authorized body for state planning.

The supervisory board shall include representative of the authorized body of relevant field (local executive body), the head of the state enterprise on the right of economic management. The head of the state enterprise on the right of economic management may not be elected as chairman of the supervisory board.

3. Term of authority of the supervisory board of the state enterprise on the right of economic management shall be three years.

4. Powers of a member of the supervisory board of the state enterprise on the right of economic management may be terminated in advance on the basis of his written application in accordance with the decision of the supervisory board on early termination of powers of the member of the supervisory board.

5. The authorized body of the relevant field (local executive body) shall evaluate the activities of the members of the supervisory board. Following the assessment of the activities of the members of the supervisory board the authorized body of the relevant field (local executive body) shall take the decision on payment of bonus to the members of the supervisory board. The head of the state enterprise on the right of economic management and the members of the supervisory board, that are public servants, shall not be paid any bonus. The bonus to the members of the supervisory board shall be paid from the funds of the state enterprise on the right of economic management.

The procedure for assessing the activities of the members of the Supervisory board and determining the limit for payment of remuneration to the members of the Supervisory board shall be determined by the authorized body for state planning.

6. Secretary of the supervisory board shall be an employee of the state enterprise on the right of economic management and shall not be a member of the supervisory board. Secretary of the supervisory board shall be accountable to the supervisory board, secure the preparation and holding of its meetings, formalization of materials for the meeting and for carry out control over securing of the access to the materials of the meeting of the members of the supervisory board.

Competence and activity of the secretary of the supervisory board shall be determined by internal documents of the state enterprise on the right of economic management.

7. Members of the supervisory board shall be liable to the state enterprise on the right of economic management and the authorized body of the relevant field (local executive body) for damage that caused losses to the company that has been caused by their actions (inactivity), in accordance with the laws of the Republic of Kazakhstan.

Members of the supervisory board shall be exempted from responsibility in case if they voted against the decision, that has been taken by the supervisory board, that resulted in the company's losses or did not participate in voting.

Footnote. Article 148 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 28.12.2018 No. 208-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated November 26, 2019 No. 273-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 148-1. Affiliated persons of a state enterprise on the right of economic management

Affiliated persons of a state enterprise with the right of economic management shall be:

1) close relatives, spouse, close relatives of the spouse, officials of a state enterprise on the right of economic management;

2) an official of a legal entity that has unfulfilled transactions with a state enterprise on the right of economic management;

3) an official:

a legal entity in relation to which the person mentioned in Subparagraph 1) of this Article shall be the founder;

a legal entity in relation to which an official of a state enterprise on the right of economic management shall be the founder;

a legal entity in relation to which the state enterprise on the right of economic management shall be the founder.

Footnote. Chapter 11 is supplemented by Article 148-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2018 No. 208-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 149. The authority of the supervisory board of the state enterprise on the right of economic management

1. The supervisory board of the state enterprise on the right of economic management shall have the following powers:

1) give an opinion letter to the authorized body of the relevant field (local executive body) on the draft of development plan of the state enterprise on the right of economic management, on introduction of amendments and additions to it;

2) approve the draft report on the implementation of the development plan, pre-approve the annual financial statement reporting of the state enterprise on the right of economic management;

3) decide on the distribution of sponsorship and charity and funds, that has been received from additional sources, including part of net income remaining at the disposal of the state enterprise on the right of economic management;

4) freely get acquainted with the documentation of the state enterprise on the right of economic management and its departments for the control of target use of budgetary funds and funds, that has been received from additional sources, and make proposals to the authorized body of the relevant field (local executive body) for the implementation of verification of the target use of specified funds;

5) coordinate proposal of the authorized body of the relevant field (local executive body) on issues of appointing of the head of the state enterprise on the right of economic management and terminating of the employment agreement with him;

6) participate in the development of the collective agreement and take decisions regarding the establishment of bonuses to the official salaries, bonus awards and material aid from additional financial sources within the funds approved by development plan to workers, head of the enterprise, his deputies, chief accountant;

7) appoint, define the term and the size of the salary of the secretary of the supervisory board, early terminate his / her powers;

8) make proposals to the authorized body of the relevant field (local executive body) on introduction of amendments and additions to the charter of the state enterprise on the right of economic management;

9) develop proposals on priority directions of activity of the state enterprise on the right of economic management;

10) make proposals to the authorized body of the relevant field (local executive body) on the participation of the state enterprise on the right of economic management in other legal entities;

11) make proposals to the authorized body of the relevant field (local executive body) on the creation and closure of branches, representative offices of the state enterprise on the right of economic management.

Whereas, in addition to the powers specified in part one of this Paragraph, the supervisory board of a state enterprise on the right of economic management in the field of health shall has the following powers:

1) approve documents regulating the internal activities of a state enterprise on the right of economic management in the field of health care;

1-1) conducts a competition for the vacant position of the head, solely performing the functions of the executive body, or the head of the collegial executive body in the manner determined by the authorized body in the field of healthcare;

2) based on the results of the competition, submit to the authorized body of the relevant industry (local executive body) a candidate for appointment as the head, solely performing the functions of the executive body, or head of the collegial executive body;

2-1) coordinates the decision of the authorized body of the relevant industry (local executive body) to terminate the employment contract with the head who solely performs the functions of the executive body, or the head of the collegial executive body;

3) determine the quantitative composition, the term of powers of the internal audit service of a state enterprise on the right of economic management in the field of health care, appoint its head and members, and also shall has the right to terminate their powers ahead of time, determine the procedure for the work of the internal audit service, the amount and terms of remuneration and bonuse employees of the internal audit service;

4) determine the amount of payment for the services of an auditing organization for auditing financial statements;

5) approve the organizational structure of the state enterprise on the right of economic management in the field of health care;

a state enterprise on the right of economic management in the field of health care or its activities, constituting official, commercial or other secrets protected by Law;

7) exercise other powers provided by this Law and (or) the Charter of a state enterprise on the right of economic management in the field of health care, not related to the exclusive competence of the authorized agency of the relevant industry (local executive authority).

The delegation of powers of the supervisory board established by parts one and two of this Paragraph to the executive authority of a state enterprise on the right of economic management shall not be allowed.

2. On the request of a member of the supervisory board of the state enterprise on the right of economic management, structural units of the state enterprise on the right

of economic management shall be obliged to provide information on issues related to the competence of the supervisory board

Footnote. Article 149 as amended by the Law of the Republic of Kazakhstan dated 28.12.2018 No. 208-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated November 26, 2019 No. 273-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 150. The order of conducting meetings of supervisory board of the state enterprise on the right of economic management

1. Meetings of supervisory board of state enterprise on the right of economic management shall be held as and when needed, but not less than once a quarter.

2. Meeting of supervisory board of state enterprise on the right of economic management may be convoked by its chairman on his own motion, at the request of the authorized body of the relevant field (local executive body), member of the supervisory board or the manager of the state enterprise on the right of economic management.

3. Regulation on the supervisory board, the order of meeting and conducting meetings of the supervisory board of the state enterprise on the right of economic management shall be approved by the authorized body of the relevant field (local executive body).

4. Meeting of supervisory board of state enterprise on the right of economic management shall be legally qualified if all members of the supervisory board of the state enterprise on the right of economic management are informed of the time and place of its conducting and at the meeting shall be present of more than half of the members of the supervisory board of the state enterprise on the right of economic management. The transfer by a member of the supervisory board of the state enterprise on the right of economic management of his/her vote to another member of the supervisory board or another individual (per procuration) shall not be allowed.

5. Each member of the supervisory board of the state enterprise on the right of economic management shall have one vote on voting. In case of equality of votes, the casting vote shall be the vote of the chairman of the supervisory board of the state enterprise on the right of economic management.

6. Decisions of the supervisory board shall be recorded in written form and shall be signed by all members of the supervisory board.

Article 150-1. The executive authority of a state enterprise on the right of economic management in the field of health care

1. The management of the current activities of a state enterprise on the right of economic management in the field of health care shall be carried out by the executive authority. The executive authority may be collegial or sole.

The executive body shall be accountable to the supervisory board.

The executive authority shall be obliged to execute the decisions of the authorized agency in the field of health care and the supervisory board.

The executive authority shall have the right to make decisions on any issues of the activity of a state enterprise on the right of economic management in the field of health care, not referred by this Law, other Laws of the Republic of Kazakhstan and the Charter of the state enterprise on the right of economic management in the field of health care to the competence of other authorities and officials of a state enterprise on the right economic management in the field of health care.

The decisions of the collegial executive authority shall be drawn up in a protocol that must be signed by all members of the executive authority present at the meeting and contain the issues put to vote, the voting results reflecting the voting results of each member of the collegial executive authority on each issue.

Transfer of the voting right by a member of the executive authority to another person, including another member of the executive authority shall not be allowed.

2. The head, solely performing the functions of the executive body, or the head of the collegial executive body, shall be appointed to the position by the authorized body of the relevant industry (local executive body) upon the recommendation of the supervisory board and upon its preliminary agreement, dismissed from office.

A member of the collegial executive body is elected and dismissed by the authorized body of the relevant industry (local executive body) upon the proposal of the head of the executive body.

The procedure for appointing, agreeing on a candidacy and carrying out certification of the head who solely performs the functions of the executive body, the head of the collegial executive body, established by paragraph 3 of Article 139 of this Law, shall not apply to a state enterprise on the basis of the right of economic management in the field of healthcare.

An employment contract with the head of the collegial executive body is concluded by the authorized body of the relevant industry (local executive body).

3. The head of the executive authority shall:

1) organize the implementation of decisions of the authorized agency in the field of health care and the supervisory board;

2) act on behalf of a state enterprise on the right of economic management in the field of health care in relations with third parties;

3) open bank accounts, issue orders and give instructions that are mandatory for all employees;

4) issue powers of attorney for the right to represent a state enterprise on the right of economic management in the field of health care in its relations with third parties;

5) accept, relocate and dismiss employees of a state enterprise on the right of economic management in the field of health care, with the exception of cases provided by this Law, apply incentive measures to them and impose disciplinary actions;

6) in the case of his absence, entrust the execution of his duties to one of the members of the executive authority;

7) allocate duties, as well as the areas of authority and responsibility between members of the executive authority;

8) carry out other functions determined by the Charter of the state enterprise on the right of economic management in the field of health care.

4. A member of the executive authority shall be entitled to work in other organizations only with the consent of the supervisory board.

The head and members of the collegial executive authority or the person solely performing the functions of the executive authority shall not be entitled to occupy the position of the head of the executive authority or the person solely performing the functions of the executive authority of another legal entity.

The functions, rights and obligations of a member of the executive authority shall be determined by the legislation of the Republic of Kazakhstan and (or) the Charter of a state enterprise on the right of economic management in the field of health care, as well as the employment contract concluded by the state enterprise on the right of economic management in the field of health care with the specified person.

Footnote. Chapter 11 is supplemented by Article 150-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2018 No. 208-VI (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 November 26, 2019 No. 273-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 150-2. Internal audit service of a state enterprise on the right of economic management in the field of health care

1. In order to monitor the effectiveness of the financial and economic activities of a state enterprise, an internal audit service may be established on the basis of the right of economic management in the field of health care by a decision of an authorized agency in the field of health care (local executive authority).

2. Employees of the internal audit service may not be elected to the supervisory board and the executive authority.

3. The internal audit service shall be directly subordinate to the supervisory board and report to it on its work.

Footnote. Chapter 11 is supplemented by Article 150-2 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2018 No. 208-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 151. Audit of the state enterprise on the right of economic management with supervisory board

1.State enterprise on the right of economic management with the supervisory board shall be obliged to conduct an audit of the annual financial statement.

2. Audit of the state enterprise on the right of economic management may be carried out at the instigation of the supervisory board, the head of the state enterprise, the authorized body of the relevant field (local executive body) at the expense of state enterprise.

Article 152. Conflict of interests

On taking the decision the member of the supervisory board shall be guided by the legislation of the Republic of Kazakhstan. The members of the supervisory board shall be prohibited to pursue personal interest on taking the decision, as well as personal use of commercial opportunities of the state enterprise on the right of economic management.

Paragraph 5. Public enterprise

Article 153. Disposition of property of public enterprise

Note of the RCLI!

This version of the part one of Article 153 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

The republican public enterprise shall have the right to alienate or otherwise dispose of the property, assigned to it, relating to main assets, transfer and write off debtor indebtedness only with the written consent of the authorized body on state property, and the communal public enterprise only with the written consent of the local executive body or in agreement with the local community meeting - the Akim's administration of the city of district significance, village, township, a rural district, except for the cases provided for by paragraph 2 of Article 135 of this Law.

Public enterprise shall independently dispose the moveable property that is not related to main assets, that is attached to him on the right of operative management.

Footnote. Article 153 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2).

Note of the RCLI!

This version of Article 154 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On State Property” dated 01.03.2011 № 413-IV).

Article 154. The right of the state for the seizure and redistribution of property, transferred to operative management of public enterprise

1. The authorized body for state property in coordination with the authorized body of the relevant branch or the local executive body or with the consent of the local community meeting, the Akim’s administration of the city of district significance, village, township, rural district shall have the right to seize the property assigned to the public enterprise or redistribute it among other legal entities, created by it, unless otherwise provided for by the laws of the Republic of Kazakhstan.

2. In the decision on seizure of property on the right of operational management, the authorized body on state property or the local executive body or Akim's administration of the city of district significance, village, township, rural district shall have the right to establish to the public enterprise the terms of maintenance and preservation of the seized property before its transfer to another person.

Footnote. Article 154 is in the wording of the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2).

Article 155. Economic activity of public enterprise

1. Economic activity of public enterprise shall be determined by its goals and tasks that are stipulated in the charter.

2. Implementation of other economic activities shall not be allowed.

Article 156. Prices for goods (works, services), produced and sold by public enterprise

1. Prices for goods (works, services), produced and sold by the Republican public enterprise shall be established by the authorized body of the relevant field.

Note of the RCLI!

This version of paragraph 2 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

2. Prices for goods (works, services) produced and sold by a communal public enterprise shall be established by the local executive body or the Akim’s administration of the city of district significance, village, township, rural district, unless otherwise provided for by the laws of the Republic of Kazakhstan.

3. Prices for goods (works, services) produced and sold by a public enterprise, including public enterprises belonging to natural monopoly or state monopoly, shall be established taking into account the requirements of the Entrepreneurial Code of the Republic of Kazakhstan and other laws of the Republic of Kazakhstan.

Footnote. Article 156 as amended by the Law of the Republic of Kazakhstan dated 13.06.2013 No.101-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 10.29.2015 № 376-V (shall be enforced from 01.01.2016); dated 12.28.2016 № 34-VI (shall be enforced from 01.01.2017); dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2).

Article 157. The charter capital of public enterprise

The charter capital of public enterprise shall be formed from the property that is received from an owner to the management for implementation of statutory activities.

Article 158. Responsibility of public enterprise

1. Public enterprise shall be responsible for its obligations in cash at its disposal.

Levy of execution to the rest of the property of the public enterprise shall not be permitted, except the cases of liquidation of this legal entity.

2. The public enterprise shall not be responsible for the obligations of the state.

3. On insufficiency of money of the public enterprise subsidiary liability on its obligations shall take the Republic of Kazakhstan or an administrative-territorial unit by funds of the relevant budget.

Paragraph 6. State institution

Article 159. Creation of state institution

Note of the RCLI!

This version of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of the district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

1. A republican state institution shall be created by the President of the Republic of Kazakhstan or the Government of the Republic of Kazakhstan, a communal state institution shall be created by the local executive body of the region, the city of republican significance, the capital city, district, the city of regional significance, and also in agreement with the Akim of the district (the city of regional significance) and the local communities meeting - by the Akim’s administration of the city of district significance, village, township, rural district.

2. Creation of state institution by the state jointly with the individuals and non-state legal entities shall not be allowed.

3. Particularities of creation of public institution that is state agency, and peculiarities of legal regulation of the participation of state agencies in material turnover shall be established by Articles 163 and 164 of this Law.

Footnote. Article 159 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2).

Article 160. Financing of activity of state institution

Note of the RCLI!

This version of paragraph 1 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

1. The activity of a state institution shall be financed from the budget by the authorized body of the relevant branch, local executive body or the Akim's administration of the city of district significance, village, township, rural district or

budget (cost estimates) of the National Bank of the Republic of Kazakhstan, unless an additional source of funding is established by the laws of the Republic of Kazakhstan.

2. Under laws of the Republic of Kazakhstan state institutions, that are not state agencies, in addition to conducting of administrative, social, cultural or other functions of non-commercial nature, may be entitled to carry out income-generating activities (rendering of charged services).

Footnote. Article 160 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2).

Article 161. Exercise of property rights by state institution

1. A state institution, unless otherwise provided by parts two and three of this Paragraph, shall not have the right to alienate or otherwise dispose of the property assigned to it and the property acquired at the expense of the funds allocated to it according to estimates.

State institutions of the Armed Forces of the Republic of Kazakhstan, other troops and military formations, special state authorities of the Republic of Kazakhstan shall have the right to transfer and redistribute military property within the state authority on the basis of a decision of the first head of the state authority or an authorized person.

The authorized agency in the field of the defense industry and the state defense order shall have the right to distribute to the state institutions of the recipient of the state defense order military goods (products), dual-use goods (products), military-related work and military services purchased under the state defense order.

2. Money from the sale of goods (works, services) by state institutions, which are granted the right to carry out income-generating activities by the laws of the Republic of Kazakhstan, shall be credited to the appropriate budget, with the exception of money from the sale of goods (works, services) produced by state institutions in the field of education, physical culture and sports, variety testing, agrochemical services for agricultural production, monitoring and assessment of the reclamation state of irrigated lands, veterinary medicine, forestry, specially protected natural areas, the Armed Forces specializing in sports, the field of medical care within the guaranteed volume of free medical care and in the system of compulsory social health insurance, special state and law enforcement agencies in the field of medical care within the guaranteed volume of free medical care and in the system of compulsory social health insurance, as well as state libraries, state museums, museums-reserves and state archives, in accordance with the laws of the Republic of Kazakhstan.

3. The order of transfer, realization, utilization and write-off, as well as the provision on property tenancy (lease) of immovable property of special state agencies shall be determined by the Government of the Republic of Kazakhstan.

Footnote. Article 161 as amended by the Law of the Republic of Kazakhstan dated 13.02.2012 No.553-IV (shall be enforced upon expiry of ten calendar days after its first official publication), 17.01.2014 No.165-V (shall be enforced upon expiry of ten calendar days after its first official publication); от 30.06.2017 № 80-VI (effective from 01.01.2020); dated 18.03.2019 No.237-VI (shall be enforced upon expiry of twenty one calendar days after its first official publication); dated 28.10.2019 No. 268-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 162. The right of the state to seizure and redistribution of property that has been transferred to operative management of state institution

Note of the RCLI!

This version of part one of Article 162 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people see the archive version dated 25.12.2017 of the law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

The authorized body for state property in coordination with the authorized body of the relevant branch or local executive body or in coordination with the local community meeting, the Akim’s administration of the city of district significance, village, township, rural district shall have the right to seize the property, assigned to the state institution or redistribute it between other state legal entities, unless otherwise established by the legislation of the Republic of Kazakhstan.

Footnote. Article 162 as amended by the laws of the Republic of Kazakhstan dated 02.11.2015 № 387-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph1) of paragraph1 of Art. 2).

Article 163. Participation of state agencies in property relations

1. State bodies, which are defined such by virtue of the Constitution of the Republic of Kazakhstan, constitutional laws of the Republic of Kazakhstan, other laws of the Republic of Kazakhstan, decrees of the President of the Republic of Kazakhstan or resolutions of the Government of the Republic of Kazakhstan shall be recognized as

state institutions if they are defined as legal entities by the legislation of the Republic of Kazakhstan and legal acts of individual application on their creation.

2. State agencies that are defined as legal entities shall be treated as state institutions in case of acting in civil law relations not on behalf of the state, and on its own behalf (make rental agreement, buy and sell of stationery, equipment, be responsible for damages in tort, make other civil law actions).

Footnote. Article 163 as amended by the Law of the Republic of Kazakhstan dated 06.04.2016 № 481-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 164. Particularities of creation and activity of state institutions, that are state agencies

1. A state institution, which is a state body, specified in paragraph 1 of Article 163 of this Law, shall be created on the basis of the legislation of the Republic of Kazakhstan and legal acts of individual application on creation of state body and shall act on the basis of the provisions on this institution.

2. State institution, that is state agency, shall not be entitled to act on its behalf as a founder (shareholder, participant, member) of another legal entity. On the formation of state legal entities, joint stock companies and limited liability partnerships the state agencies shall be entitled to act as a founder (shareholder, participant) only on behalf of the state (the Republic of Kazakhstan or administrative-territorial unit).

3. State institutions that are state bodies, with the exception of the National Bank of the Republic of Kazakhstan, special state bodies of the Republic of Kazakhstan, are not entitled to engage in activities that generate income. The National Bank of the Republic of Kazakhstan has the right to engage in income-generating activities in the cases and in the manner provided for by the Law of the Republic of Kazakhstan “On the National Bank of the Republic of Kazakhstan”.

Special state bodies have the right to engage in income-generating activities in accordance with Article 83 of the Law of the Republic of Kazakhstan "On Special State Bodies of the Republic of Kazakhstan".

4. Competence, structure, departmental subordination and other issues, related to implementation of functions of a state body shall be determined by the legislation of the Republic of Kazakhstan and legal acts of individual application on creation of these state bodies.

Note of the RCLI!

Article 164 is supplemented by paragraph 4-1 from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated

11.07.2017 № 90-VI (for the cities of district significance, villages, townships, rural districts with population of two thousand or less people shall be enforced from 01.01.2020)

4-1. The Akim's administration of the city of district significance, village, township, rural district shall be formed, abolished and reorganized by the local executive body of the district (the city of regional significance).

The right of ownership or other real right to property assigned to the Akim's administration of the city of district significance, village, township, rural district, shall not be retained by its founder.

5. This Law shall apply to state institutions that are state agencies, unless otherwise provided for by law of the Republic of Kazakhstan.

Footnote. Article 164 as amended by the laws of the Republic of Kazakhstan dated 06.04.2016 № 481-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 30.06.2017 No. 80-VI (effective from 01.01.2020); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2).

Article 165. Responsibility of state institution

1. State institution shall be responsible for its obligations in cash at its disposal.

Levy of execution to the rest of the property of state institution shall not be allowed.

2. On insufficiency of money of the state institution subsidiary liability on its obligations shall take the Republic of Kazakhstan or an administrative-territorial unit by funds of the relevant budget.

Chapter 12. EXERCISE OF RIGHTS TO SHARES OF JOINT STOCK COMPANIES AND STAKES OF PARTICIPATING IN CHARTER CAPITAL OF LIMITED LIABILITY PARTNERSHIPS THAT BELONG TO THE STATE

Article 166. Legal regulation of the exercise of rights to shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships that belong to the state

1. Legal regulation of creation of joint stock companies and limited liability partnerships with the participation of the state, the rights of shareholders (participants), educational and authorities of the management bodies of joint stock companies and limited liability partnerships with the participation of the state shall be carried out by laws of the Republic of Kazakhstan "On joint stock companies", "On limited and additional liability partnerships" and other laws of the Republic of Kazakhstan taking into account peculiarities provided for by this chapter.

2. In joint stock companies and limited liability partnerships with the participation of the Republic of Kazakhstan on behalf of the Government of the Republic of Kazakhstan, the right of shareholder (participant) to participation in the management of the joint stock company (limited liability partnership) shall carry out the authorized body on state property.

Rights of ownership and use of state block of shares (stakes of participating in charter capital), that are in the republican ownership, on decision of the Government of the Republic of Kazakhstan may be transferred by the authorized body on state property to the authorized body of the relevant field. The right of disposal of state block of shares (stakes of participating in chapter capital), that are in the republican ownership shall be remained at the authorized body on state property.

Authorized body of the relevant field, that is exercising rights of ownership and use of state block of shares (stakes of participating in chapter capital), shall represent the interests of the state as the shareholder (participant) on issues referred to the competence of the general meeting of shareholders (general meeting of participants), in accordance with the legislation of the Republic of Kazakhstan.

3. In joint stock companies and limited liability partnerships with the participation of the administrative-territorial unit the right of the administrative-territorial unit as a shareholder (participant) to participation in the management of the joint stock company (limited liability partnership) shall perform the local executive body.

4. excluded by the Law of the Republic of Kazakhstan dated 26.12.2018 No. 202-VI (shall be enforced from 01.01.2020).

Footnote. Article 166 as amended by the Law 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 01.02.2012 No.551-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 26.12.2018 No. 202-VI (shall be enforced from 01.01.2020).

Article 167. The grounds for creation of the right of the state to shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships

The state shall acquire the rights to shares in joint stock companies and stakes of participating in charter capital of limited liability partnerships by the way of:

1) conversion of state enterprises and state institutions into the joint stock companies and limited liability partnerships;

2) creation by the state of joint stock companies and limited liability partnerships;

3) acquisition by the state of shares of joint stock companies and stakes of participating in charter capital of the limited liability partnerships;

4) conversion into joint stock companies and limited liability partnerships of non-governmental profit organizations in other organizational-legal forms, stakes of participating in charter capital of that have entered into the composition of state property on the grounds provided for by Article 19 of this Law;

5) compulsory redemption of stakes of participating in charter capital of the limited liability partnerships in accordance with the Law of the Republic of Kazakhstan "On limited and additional liability partnerships";

6) implementation of the priority right to the acquisition of strategic objectives;

7) acquisition on the other grounds provided for by Article 19 of this Law.

Article 168. Conversion of state enterprises and state institutions into joint stock companies and limited liability partnerships

Conversion of the state enterprises and state institutions into joint stock companies and limited liability partnerships shall be made in accordance with the Civil Code of the Republic of Kazakhstan and other laws of the Republic of Kazakhstan.

Article 169. Acquisition by the state of shares of joint stock companies and stakes of participating in charter capital of the limited liability partnerships

1. The decision on acquisition of shares of joint stock companies and stakes of participating in charter capital of the limited liability partnerships to the composition of the republican and communal property shall be adopted respectively by the Government of the Republic of Kazakhstan or by the local executive body, unless otherwise provided for by laws of the Republic of Kazakhstan.

2. Acquisition of shares of joint stock companies and stakes of participating in charter capital of the limited liability partnerships at the expense of budgetary funds shall be made in the order, provided for by the Budget Code of the Republic of Kazakhstan.

3. In case of taking decision on payment of shares of joint stock companies and the charter capital of limited liability partnerships with property, except for money, the transfer of state property shall be made under the rules of Article 114 of this Law.

4. The acquisition of shares of joint stock companies at the expense of republican budget, and also on founding the joint stock company with participation of the Republic of Kazakhstan the shares, that has come to the composition of the republican property, in the registry of holders of securities of the joint stock company shall be credited to the facial account of the authorized body on state property in the order provided for by the legislation of the Republic of Kazakhstan on equity market.

The acquisition of shares of joint stock companies at the expense of local budget funds, and also on founding joint stock company with participation of administrative-territorial unit the shares, that has come to the composition of communal property in the registry of holders of securities of the joint stock company shall be credited to the facial account of the executive body, financed from the local budget, authorized to the disposal of communal property in the order provided for by the legislation of the Republic of Kazakhstan on equity market.

Article 170. Founding by the state of joint stock companies and limited liability partnerships

1. Upon the founding by the state of joint stock companies and limited liability partnerships, their founder shall be the Republic of Kazakhstan or an administrative-territorial unit.

2. On behalf of the Republic of Kazakhstan the founder of the joint stock company and limited liability partnership shall be the Government of the Republic of Kazakhstan and the National Bank of the Republic of Kazakhstan.

3. On behalf of the administrative-territorial unit the founder of the joint stock company and limited liability partnership shall be the local executive body.

4. Other state agencies of the Republic of Kazakhstan and state institutions may not act as a founder of joint stock companies and limited liability partnerships, except for the authorized body on state property and the executive body, financed from the local budget authorized to disposal of communal property, that are founded by joint stock companies and limited liability partnerships on the decision respectively of the Government of the Republic of Kazakhstan and local executive body.

5. By the laws of the Republic of Kazakhstan may be set prohibitions and restrictions on the participation of the state in joint stock companies and limited liability partnerships, carrying out certain types of entrepreneurial activity.

6. Payment for the charter capital of the founding joint stock company or limited liability partnership with the participation of the state shall be carried out at the expense of the budget funds in accordance with the Budget Code of the Republic of Kazakhstan.

7. In case of taking decision on payment of shares of the joint stock company or the charter capital of the limited liability partnership with property, except for money, the transfer of state property shall be made under the rules of Article 114 of this Law.

The list of national managing holdings, national holdings, national companies shall be approved by the Government of the Republic of Kazakhstan.

Article 171. Types of joint stock companies and limited liability partnerships with the participation of the state

1. Depending on that owns shares of joint stock companies (stakes of participating in charter capital of limited liability partnerships), the joint stock companies and limited liability partnerships with the participation of the state shall be divided into:

1) joint stock companies and limited liability partnerships with the participation of the Republic of Kazakhstan;

2) joint stock companies and limited liability partnerships with the participation of the administrative-territorial unit.

2. Depending on the number of state-owned shares of joint stock companies (the size of the state-owned stakes of participating in charter capital of the limited liability partnerships) the joint stock companies and limited liability partnerships shall be divided into:

1) state-controlled joint stock companies and limited liability partnerships - the joint-stock companies and limited liability partnerships, in the charter capital of that the state owns controlling block of stock of the joint stock company or controlling stakes of participating in chapter capital of the limited liability partnership. The controlling block of stock or controlling stakes of participating in chapter capital of the limited liability partnership shall mean that the state owns more than fifty percent of the voting shares of the joint stock company or more than fifty percent of stakes of participating in charter capital of the limited liability partnership;

2) joint stock companies and limited liability partnerships with non-dominating stakes of participating of the state – joint stock companies and limited liability partnerships, that are not possessing the features specified in subparagraph 1) of this paragraph.

Article 172. Particularities of participation of controlled by state or national managing holdings, national holdings, national companies of the joint stock companies and limited liability partnerships in the charter capital of the other legal entities

1. National managing holding, national holding, national company or other controlled by the state or national managing holding, national holding, national company the joint stock company or limited liability partnership may be founders (shareholders and participants) of profit organizations, created in the form of the joint stock company and limited liability partnership, non-profit organizations in the order provided for by the laws of the Republic of Kazakhstan, and also organizations, created on the territory of foreign countries.

Performance of national managing holding, national holding or a national company or other controlled by the state or by national managing holding, national holding, national company of joint stock company or limited liability partnership as a

founder (participant, member) of legal entities of the Republic of Kazakhstan, that are non-profit organizations, on the other legal organizational form shall not be allowed.

2. In case of acquisition by national managing holding, national holding, national company or other controlled by the state or by national managing holding, national holding, national company of joint stock company or limited liability partnership the right to stakes of participating in charter capital of other than joint stock company or limited liability partnership, non-governmental non-profit organizations the specified stakes of participating in charter capital shall be subjected to alienation within one year from the moment of the acquisition of rights to it, if this non-profit organization shall not be transformed into a joint stock company or limited liability partnership.

Article 173. Consequence of the acquisition by the state of the rights to stakes of participating in charter capital (share) of legal entities, that may not be owned by the state

If on the grounds provided for by Article 19 of this Law, to the composition of state property have been received stakes of participating in charter capital (share) of the non-state profit organizations in other legal organizational form than a joint stock company or limited liability partnership, the specified stakes of participating in charter capital (share) shall be subjected to alienation within one year from the moment of acquisition of rights to it with crediting of income from the sale to the budget, if the legal entity shall not be transformed into a joint stock company or limited liability partnership or if on the basis of property of the specified person shall not be established a state legal entity.

Article 174. Termination of participation of the state in joint stock companies and limited liability partnerships

1. Participation of the state in joint stock companies and limited liability partnerships shall be terminated upon the sale of shares of joint stock companies or stakes of participating in charter capital limited liability partnerships or termination of the rights to shares of joint stock companies and stakes of participating in charter capital of the limited liability partnerships on other grounds provided for by Article 83 of this Law.

2. Sale of state-owned shares in joint stock companies or stakes of participating in charter capital of limited liability partnerships shall be carried out by the rules of chapter 10 of this Law.

3. Transfer of state-owned shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships to the payment of the distributed by the joint-stock company shares or as a contribution to the charter capital

of the limited liability partnerships shall be carried out in accordance with Article 114 of this Law.

Article 175. Disposition of state-owned shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships

1. The disposition of state-owned shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships shall be carried out in the order provided for by chapter 10 of this Law.

2. Gratuitous transfer of state-owned shares of joint-stock companies (stakes of participating in the charter capital of limited liability partnerships) shall not be allowed, except for the cases of transfer of shares of joint-stock companies (stakes of participating in the charter capital of limited liability partnerships) of an autonomous organization of education.

3. Disposition of shares of national companies, that has been transferred to the charter capital of national managing holdings, national holdings and also state-owned shares of joint stock companies (stakes of participating in charter capital of limited liability partnerships), that are strategic objectives, shall be allowed by decision of the Government of the Republic of Kazakhstan.

4. Charge over state-owned shares (stakes of participating in charter capital) with rights of third parties in the form of entrusted administration with the right of subsequent redemption and their alienation shall be permitted by the rules of chapter 10 of this Law.

5. Pledge of state-owned shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships shall not be allowed.

Footnote. Article 175 as amended by the Law of the Republic of Kazakhstan dated 21.07.2015 № 337-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 176. Transfer of state owned shares of joint stock companies stakes of participating in charter capital of limited liability partnerships to the entrusted administration

1. Transfer of state-owned shares of joint stock companies or stakes of participating in charter capital of limited liability partnerships in entrusted administration to individuals and non-state legal entities shall be performed by the authorized body on state property, if the subject of the transfer are the shares of joint stock companies or stakes of participating in charter capital of limited liability partnerships, referred to the republican property.

2. Transfer of shares of joint stock companies or stakes of participating in charter capital of limited liability partnerships, related to the communal property, to entrusted administration shall be carried out by the local executive body.

3. Transfer of state-owned shares of joint stock companies or stakes of participating in charter capital of limited liability partnerships to individuals or non-state legal entities to entrusted administration with the right of subsequent redemption shall be carried out in the order established by chapter 10 of this Law.

4. The amount of bonus and also the run of validity of the entrusted administration shall be determined by the contract on the transfer of shares of joint stock companies and stakes of participating in charter capital of limited liability partnerships to entrusted administration.

The transfer of shares of joint stock companies and stakes of participating in charter capital of the limited liability partnerships to entrusted administration with the disclaimer of the state from its right to dividends shall not be permitted.

5. The entrusted administrator may not be transferred the right of the state, connected with the solution of the following issues:

1) on change of the charter of the joint stock company and a limited liability partnership;

2) on change (increase or decrease) of the size of the charter capital joint stock company and a limited liability partnership;

3) on liquidation of the joint stock company or limited liability partnership, their reorganization, as well as on the changes in their name.

Article 177. The right of the state to the participation in managing of joint stock company and limited liability partnership with the participation of the state

1. The right to participate in managing of joint stock company or limited liability partnership, with the participation of the state shall be implemented by the state in accordance with the laws of the Republic of Kazakhstan "On joint stock companies" and "On limited and additional liability partnerships".

2. The authorized body of the relevant field, that has been transferred the rights of ownership and use of state block of shares, shall independently take decisions on the issues, attributed to exclusive competence of the shareholder, except for the following issues, the decision of that shall be made upon the agreement with the authorized body on state property:

1) introduction of amendments and (or) additions to the charter of the company or approval of its new version;

2) change of the size of the charter capital;

3) approval of the annual financial statements and distribution of net income of the company for the reporting financial year;

4) taking the decisions on the participation of the company in creation or activities of other legal entities by transferring part or several parts of assets, in the amount of twenty five and more percent of all assets belonging to the company;

5) determination of the quantitative composition, term of powers of the board of directors, election of its members and early termination of their powers, as well as determining the amount and conditions of payment of bonus to the members of the board of directors;

6) the introduction and abrogation of the "Golden share";

7) cancellation of adopted decision by the board of directors on issues related to the internal activity of the company.

The authorized body of the relevant field, that has been transferred the rights of ownership and use of state stakes of participating in charter capital of the limited liability partnership, shall independently take decision on all issues attributed to exclusive competence of a member, except for the following issues the decision of that shall be made upon the agreement with the authorized body on state property:

1) introduction of amendments and (or) additions to the charter of the company or approval of its new version;

2) change of the size of the charter capital;

3) approval of the annual financial statements and distribution of net income of the company for the reporting financial year;

4) taking the decisions on the participation of other legal entities;

5) the decision on the pledge of all of the property of the partnership;

6) formation of the executive body of the partnership, early termination of its powers;

7) taking decisions on transactions on the transfer of property of the partnership to the tenancy or entrusted administration;

8) election and early termination of powers of the supervisory board and (or) the audit commission (auditor);

9) the decision on compulsory redemption of stakes of participating in charter capital of the participant;

10) appointment of the liquidation commission and approval of liquidation balance;

11) cancellation of the adopted by the supervisory board decisions on issues, related to the internal activities of the partnership.

3. The composition of the board of directors or supervisory board of the limited liability partnership with the participation of the state shall include representatives of the authorized body of the relevant field, that has been transferred the rights of ownership and use of state block of shares (stakes of participating in chapter capital), and the authorized body on state property.

4. Members of boards of directors of joint stock companies and supervisory boards of limited liability partnerships, that are public servants, shall be paid bonus.

Article 178. Managing of joint stock company or limited liability partnership in that the only shareholder (participant) is the state

1. The decision on liquidation, reorganization and about the change of the name of joint stock companies and limited liability partnerships, in that respectively the only shareholder or participant is the Republic of Kazakhstan, shall be adopted by the Government of the Republic of Kazakhstan.

2. The decision on liquidation, reorganization and about the change of the name of joint stock companies and limited liability partnerships, in that respectively the only shareholder or participant is administrative-territorial unit, shall be adopted by the local executive body.

3. The authorized body of the relevant field, that on the decision of the Government of the Republic of Kazakhstan has been transferred the rights of ownership and use of state block of shares (stakes of participating in chapter capital) of the joint stock company (limited liability partnership) or local executive body shall be entitled to secure the timely taking of decisions on distribution of received by the joint stock company (limited liability partnership) net income and allocation by the joint stock company (limited liability partnership) of dividends (part of the net income of the limited liability partnership) to state-owned shares of the joint stock companies (stakes of participating in chapter capital of the limited liability partnership) within ten calendar days from the date of the taking decision by the only shareholder (participant).

Article 179. Managing of national company, the shareholder of that is the state

1. National company, the shareholder of that is the state, on carrying out its activity shall be entitled to secure the conduct of state policy in the field of managing a state property in the specific sectors of the economy.

2. The decision on liquidation, reorganization and about the change of the name of the national company, in that the only shareholder is the state, shall be adopted by the Government of the Republic of Kazakhstan.

The decision on liquidation, reorganization and about the change of the name of the social entrepreneurial corporations, created by the local executive authorities of

regions, cities of republican status, capital shall be adopted by the local executive authority of regions, cities of republican status, capital.

The local executive authorities of regions, cities of republican status, capital may not create more than one social entrepreneurial corporation.

3. The decision on conclusion by the national company, the shareholder of that is the state of the transaction or the aggregate of interrelated transactions, that resulted in acquisition or alienation (may be acquired or alienated) by the company property, the cost of that is from ten to twenty-five percent of the total amount of assets of the company, shall be made by the board of directors of the company. The decision on conclusion by the national company, the shareholder of that is the state of the transaction or the aggregate of interrelated transactions, that resulted in acquisition or alienation (may be acquired or alienated) by the company property, the cost of that is less than ten percent of the total amount of assets of the company, shall be made by the head office of the company.

4. The decision on conclusion by the national company, the shareholder of that is the state of the transaction or the aggregate of interrelated transactions, that resulted in acquisition or alienation (may be acquired or alienated) by the company property, the cost of that is twenty-five percent and more from the total amount of assets of the company, shall be made by the general meeting of the shareholders of the national company (the decision of the only shareholder of the national company) on the proposal of the board of directors of the company.

5. The requirements of paragraphs 3 and 4 of this Article shall not apply to a legal entity with 100% participation of the state in the charter capital, which main subject of activity is organization and holding of an international specialized exhibition on the territory of the Republic of Kazakhstan, as well as the post-exhibition use of the territory of international specialized exhibition in accordance with the legislation of the Republic of Kazakhstan on regulation of trade activities.

The decision of the above-mentioned legal entity on conclusion of a transaction or a set of interrelated transactions, as a result of which such company shall acquire or alienate (may be acquired or alienated) the property, the value of which is less than fifty percent of the total value of the assets of such company, shall be made by the management Board.

The decision of the above-mentioned legal entity on conclusion of a transaction or a set of interrelated transactions, as a result of which such company shall acquire or alienate (may be acquired or alienated) the property, the value of which is from fifty to seventy-five percent of the total value of the assets of such company, shall be adopted by the Board of Directors.

The decision of the above-mentioned legal entity on conclusion of a transaction or a set of interrelated transactions, as a result of which such company acquire or alienate (may be acquired or alienated) the property, the value of which is seventy-five or more percent of the total value of the assets of such company, shall be adopted by the general meeting of shareholders (by the decision of the sole shareholder) on presentation of the Board of Directors.

Footnote. Article 179 as amended by the Law of the Republic of Kazakhstan dated 28.11.2014 № 257 (shall be enforced from 01.01.2015); dated 12.25.2017 № 122-VI (shall be enforced from 01.01.2018); dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 180. Managing of national company, the shareholder of that is national managing holding, national holding

1. The decision on liquidation, reorganization and about the change of the name of the national company, the shareholder of that is national managing holding, national holding, shall be adopted by the Government of the Republic of Kazakhstan.

2. The decision on conclusion by the national company of the transaction or the aggregate of interrelated transactions, that resulted in acquisition or alienation (may be acquired or alienated) by the company property, the cost of that is from ten percent and more from the total amount of assets of the company, shall be made by the board of directors of the company. The decision on conclusion by the national company of the transaction or the aggregate of interrelated transactions, that resulted in acquisition or alienation (may be acquired or alienated) by the company property, the cost of that is less than ten percent of the total amount of assets of the company, shall be made by the head office of the company.

3. The decision on conclusion by the national company, the shareholder of that is the national managing holding, national holding of the transaction or the aggregate of interrelated transactions, that resulted in acquisition or alienation (may be acquired or alienated) by the company property, the cost of that is twenty-five percent and more from the total amount of assets of the company, shall be made by the board of directors of the national managing holding, national holding.

Article 181. Managing of national managing holdings, national holdings

1. The decision on liquidation, reorganization and about the change of the name of the national managing holding, national holding shall be adopted by the Government of the Republic of Kazakhstan.

2. By the decision of the Government of the Republic of Kazakhstan national managing holding, national holding may be transferred shares of joint stock

companies and stakes of participating in charter capital of limited liability partnerships that are owned by the state, upon the rules of Article 114 of this Law.

2-1. The list of joint-stock companies and limited liability partnerships, which blocks of shares (stakes of participating in the charter capital) directly or indirectly belong to the national management holdings, national holdings, recommended for transfer to a competitive environment, shall be determined by the decision of the Government of the Republic of Kazakhstan.

3. The boards of directors of national managing holdings, national companies shall include representatives of the authorized body on state planning, the authorized body on state property, the authorized body of the relevant field and other state bodies according to the decision of the Government of the Republic of Kazakhstan.

4. To the exclusive competence of the general meeting of shareholders of national managing holdings, national companies, that has been established for the general meeting of shareholders shall include the issues specified in Article 36 of the Law of the Republic of Kazakhstan "On joint stock companies", except the issues defined in sub-paragraph 6) and 14) of paragraph 1 of Article 36 of specified Law.

5. To the exclusive competence of the board of directors of national managing holdings, national companies, in addition to the issues indicated in paragraph 2 of Article 53 of the Law of the Republic of Kazakhstan "On joint stock companies", except for the issue specified in subparagraph 15-1) of paragraph 2 of Article 53 of specified Law, shall include the following issues:

1) determination of audit organization, conducting the audit;

2) approval of staff number;

3) the formation of a unified (including the sectors of activities of the branch organizations) financial, investment, industrial and economic, scientific-technical policy of branch organizations on developing of their strategies and development plans;

4) approval of development plan and the report on its implementation;

5) evaluation of implementation of development plans;

6) definition of risk management policy;

7) approval of the methodology and changes in the method of appraisal of shares at their redemption by the company;

8) adoption of decisions on the participation of the company in creation or activities of other entities by transfer of part or several parts of assets, in the amount of from ten to twenty-five percent of all assets belonging to the company.

9) approval of the rules of transfer to a competitive environment of assets of the holding and organizations, which more than fifty percent of voting shares (shares in

the charter capital) directly or indirectly belong to the holding on the right of ownership;

The rules provided for in sub-paragraph 9) shall be adopted in accordance with the norms established in paragraph 2 of chapter 10 of this Law;

10) determination of the quantitative composition, term of office, operating procedure of the centralized procurement control service, appointment and termination of powers of its head, determination of the size and other conditions of remuneration of its employees.

The competence of the executive body of national managing holdings, national holdings shall include issues provided for by the Law of the Republic of Kazakhstan "On joint stock companies", and taking decision on activities related to the competence of the general meeting of shareholders (participants) of the legal entity with ten and more percent of shares (stakes of participating in chapter capital) of that belong to the society.

Footnote. Article 181 as amended by the Law of the Republic of Kazakhstan dated 04.12.2015№ 435-V(shall be enforced from 01.01.2016); dated 26.12.2018 No. 202-VI (effective from 01.01.2020).

Article 182. Corporate governance of joint stock companies with participation of the state

Footnote. Heading of Article 182 is in the wording of the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

1. For coordination of activities on managing of national managing holdings, national companies under the Government of the Republic of Kazakhstan may be created specialized councils on issues of corporate governance.

Provision on specialized councils on issues of corporate governance and their compounds shall be approved by the Government of the Republic of Kazakhstan.

2. The order of evaluation of corporate governance in state-controlled joint stock companies shall be determined by the central authorized agency on state planning in agreement with the National Chamber of Entrepreneurs of the Republic of Kazakhstan.

3. A model Code of corporate governance in state-controlled joint-stock companies, with the exception of the National Welfare Fund shall be developed and approved by the central authorized agency for state planning.

State-controlled joint-stock companies, with the exception of the National Welfare Fund shall approve corporate governance Codes in accordance with the model Code of corporate governance in state-controlled joint-stock companies, and also conduct an

independent assessment of corporate governance not less than once every three years, the results of which shall be posted on the Internet resource of the joint stock companies.

Footnote. Article 182 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 183. Use of budget investments on implementation of budget investment projects by the national managing holdings, national holdings

1. On implementation of budget investments by participation of the state in charter capital of national managing holdings, national holdings, the administrators of budget programs, not exercising the rights of ownership and use of state block of shares, in accordance with the decision of the Government of the Republic of Kazakhstan may pay for issuance of shares of national managing holdings, national holdings.

Report on the implementation of the budget of the investment project by the national managing holding, national holding and joint stock companies, that are included in the national managing holding, national holding, shall be made on a quarterly basis by the national managing holding, national holding under advisement of the board of directors of the national managing holding, national holding and of the administrator of budget program.

2. Shares, that have been issued for implementation of budget investment projects of national managing holdings, national holdings, shall be credited to the account of the authorized body on state property.

The authorized body on state property shall transfer the shares, that have been issued by the national managing holding, national holding, to the authorized body, that is exercising the rights of possession and use of the state block of shares of the national managing holding, national holding.

3. Responsibility for the implementation of budget investment projects, money for implementation of that has been received in return of issued shares of joint stock companies, that are included in the composition of the national managing holding, national holding, shall carry the executive body of the national managing holding, national holding and also the executive body of the joint stock companies, that are included in the national managing holding, national holding, that shall implement specified budget investment projects.

Article 184. Activity planning of national managing holdings, national holdings, national companies the shares of that are owned by national managing holdings, national holdings as well as national companies

1. National managing holdings, national holdings and national companies prepare shall prepare development strategies and development plans.

Development strategies of national managing holdings, national holdings, national companies shall be prepared for ten years on the basis of the strategic and program documents of the Republic of Kazakhstan.

Development plans of national managing holdings, national holdings, national companies shall be prepared for the period of five years for the implementation of their development strategies.

2. Development strategies of national managing holdings, national holdings, national companies shall:

1) define their strategic directions, objectives, outcome measures of the activity;

2) develop taking into account the development strategies of legal entities, shares (stakes of participating in charter capital) that belong to them, including national companies.

Provisions of the message of the President of Kazakhstan to people of Kazakhstan on the situation in the country and main directions of domestic and foreign policy may be the basis for adjustment of development strategies of national managing holdings, national holdings and national companies.

Development strategies of national managing holdings, national holdings, national companies, the shareholder of that is the state, shall be approved by the Government of the Republic of Kazakhstan.

3. Development plans of national managing holdings, national holdings, national companies shall:

1) include the objectives, tasks, indicators of results and indicators of financial and economic activities, including investments, incomes, expenses, loans, dividends, and other information;

2) develop taking into account the development plans of legal entities, shares (stakes of participating in charter capital) that belong to them, including national companies.

4. The projects of development strategies and development plans of national managing holdings, except for national welfare fund, national holdings, national companies, the shareholder of that is the state shall be agreed with the authorized body on state planning to meet the goals and objectives, specified in the strategic and program documents of the Republic of Kazakhstan as well as to compliance of budgetary parameters specified in the forecast of socio-economic development.

5. Development plans of national managing holdings, national holdings, national companies, shareholders of that is national managing holdings, national holdings shall be approved by their boards of directors.

Development plans of national companies, shareholder of that is the state, shall be approved by their boards of directors.

6. The procedure for development and approval of development strategies and development plans for national managing holdings, national holdings, national companies, the shareholder of which is the state, shall be determined by the authorized body for state planning.

7. Evaluation of implementation of development strategies of national managing holdings, national holdings, national companies, shareholder of that is the state, shall be carried out by an authorized body on state planning.

Evaluation of implementation of development plans of national managing holdings, national holdings, national companies, shareholder of that is the state, shall be carried out by a board of directors.

The procedure for monitoring and evaluating the implementation of development strategies and development plans of national managing holdings, national holdings, national companies, the shareholder of which is the state, shall be determined by the authorized body for state planning.

The procedure for submitting a report on implementation of the development strategies and development plans of national managing holdings, national holdings, national companies, the shareholder of which is the state, shall be determined by the authorized body for state planning.

8. Responsibility for effectiveness and efficiency of implementation of development strategy of national managing holdings, national holdings, national companies, shareholder of that is the state shall carry out the first heads of national managing holdings, national holdings, national companies in accordance with the Laws of the Republic of Kazakhstan.

Responsibility for the development, effectiveness and efficiency of implementation of development plans for national managing holdings, national holdings, national companies, shareholder of that is state, as well as timely rendering account on their execution shall carry out executive authorities of national managing holdings, national holdings, national companies in accordance with the Laws Republic of Kazakhstan.

Responsibility for development, execution of development plans of the national companies, shareholder of that are national managing holdings, national holdings, shall carry out executive authorities, national companies.

9. Hearing of results of activity of national companies, the shareholder of that is the state, shall be carried out on an annual basis by the state body, exercising rights of possession and use of state block of shares.

Hearing results of activity of national companies, the shareholders of that are national managing holdings, national holdings, shall be carried out on an annual basis by board of directors of national managing holdings, national holding.

Report on results of a hearing of activity of national companies, except for national companies, shareholder of that is the national welfare fund, in accordance with this paragraph shall be submitted to an authorized body on state planning and an authorized body on state property.

Footnote. Article 184 as amended by the Law of the Republic of Kazakhstan dated 01.02.2012 No.551-IV (shall be enforced upon expiry of ten calendar days after its first official publication), dated 13.06.2013 № 102-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 185. Planning of activity of controlled by the state limited liability partnerships and joint stock companies, except for national managing holdings, national holdings and national companies

1. Controlled by the state joint stock companies and limited liability partnerships shall prepare development plans for five years.

2. Development plans of state-controlled joint-stock companies and limited liability partnerships shall be developed in accordance with the goals and objectives set forth in the strategic and program documents of the Republic of Kazakhstan, and the budget parameters, specified in the forecast of socio-economic development, and approved by the boards of Directors (Supervisory boards) of state-controlled joint-stock companies and limited liability partnerships.

The procedure for the development and approval of development plans of state-controlled joint stock companies and limited liability partnerships shall be determined by the authorized body for state planning.

3. Evaluation of implementation of development plans of state-controlled joint stock companies and limited liability partnerships shall be carried out by their Boards of Directors (Supervisory boards).

The procedure for monitoring and evaluating implementation of development plans of state-controlled joint stock companies and limited liability partnerships shall be determined by the authorized body for state planning. The procedure for submitting

a report on execution of development plans of state-controlled joint stock companies and limited liability partnerships shall be determined by the authorized body for state planning.

4. Responsibility for development, effectiveness and efficiency of implementation of development plans of state-controlled joint stock companies and limited liability partnerships, as well as timely rendering account on their execution shall carry out executive authorities of state-controlled joint stock companies and limited liability partnerships in accordance with the Laws Republic of Kazakhstan.

5. Hearing results of activities of state-controlled joint stock companies and limited liability partnerships shall be carried out on an annual basis by a state body, exercising rights of possession and use of state block of shares (stakes of participating in charter capital), with the presentation of a report of hearing to authorized body on state planning and authorized body on state property.

6. The procedure for the development, approval of development plans of state-controlled joint stock companies, limited liability partnerships, the shareholder (participant, trustee) of which is the national Bank of the Republic of Kazakhstan, monitoring and evaluation of their implementation, as well as reports on their execution shall be determined by the National Bank of the Republic of Kazakhstan.

Footnote. Article 185 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-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 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 186. Implementation by the state of the rights of shareholder (participant of limited liability partnership) to acquisition part of income of joint stock company (limited liability partnership)

State bodies, exercising rights of possession and use of state block of shares (stakes of participating in charter capital) of joint stock companies (limited liability partnerships), on holding annual general meetings of shareholders (participants) according to the procedure provided for by the legislation of the Republic of Kazakhstan, shall take measures for allocation part of income of joint stock company (limited liability partnership) to payment of dividends (income) in amount provided percentagewise by the Government of the Republic of Kazakhstan.

The size of dividends (income) of joint-stock companies, limited liability partnerships, state-owned blocks of shares (stakes of participating in the charter capital), which are in communal ownership, shall be established by the local executive body.

Footnote. Article 186 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 12-1. Specifics of procurement of goods, works, services by national management holdings, national holdings, national companies and organizations, fifty or more percent of voting shares (stakes in the authorized capital) of which directly or indirectly belong to the national management holding, national holding, national company

Footnote. Section 5 is supplemented with Chapter 12-1 in accordance with the Law of the Republic of Kazakhstan dated 26.12.2018 No. 202-VI (shall be enforced from 01.01.2020).

Article 186-1. Principles and basic provisions of the procurement of goods, works, services by customers

1. Purchases of goods, works and services by customers are based on the principles:

- 1) optimal and efficient spending of money used for purchases;
- 2) openness and transparency of the procurement process;
- 3) providing potential suppliers with equal opportunities to participate in the procurement process;
- 4) fair competition among potential suppliers;
- 5) the responsibility of the procurement participants;
- 6) prevention of corruption.

2. Purchases are carried out in accordance with the procurement rules.

3. Customers make purchases in electronic format through the electronic procurement information system.

4. When making purchases, customers are not allowed:

1) the establishment in the tender documentation (auction documentation) of qualification requirements for potential suppliers that are not provided for by the procurement rules, or an indication in the tender documentation (auction documentation) or in the information posted when making purchases by requesting price proposals for characteristics that determine the belonging of the purchased goods, works, services to individual potential suppliers, except for cases stipulated by the procurement rules;

2) refusal to carry out procurement in cases not provided for by the procurement rules;

3) recognition of a potential supplier and (or) subcontractors (co-executors) of works or services attracted by him as inappropriate to qualification requirements and

(or) requirements of tender documents (auction documents) on grounds not provided for by the procurement rules;

4) non-division in the procurement of goods, works, services into lots according to their homogeneous types and the place of their delivery (performance, provision), except for the cases provided for by the procurement rules;

5) preparation by a procurement expert commission or a procurement expert of a deliberately false expert opinion, on the basis of which an illegal decision was made by the tender commission (auction commission);

6) implementation of procurement by the method from one source by direct conclusion of a procurement contract in cases not provided for by the procurement rules.

5. Violation of the procurement rules entails liability in accordance with the laws of the Republic of Kazakhstan.

Article 186-2. Register of unfair procurement participants

1. The register of unfair procurement participants is formed in the electronic procurement information system.

2. The register of unfair procurement participants is a list of:

1) potential suppliers, identified as winners, who avoided concluding a procurement contract;

2) potential suppliers or suppliers who provided inaccurate information on qualification requirements and (or) documents affecting the competitive price offer;

3) suppliers who did not fulfill or improperly fulfilled their obligations under the procurement contracts concluded with them.

In the case specified in subparagraph 1) of part one of this paragraph, the customer is obliged to send information about such a potential supplier to the centralized procurement control service within ten working days from the day the potential supplier avoids concluding a contract.

In the case specified in subparagraph 2) of the first part of this paragraph, the customer, the procurement organizer are obliged, no later than thirty calendar days from the day when they became aware of the fact of the violation, to file a claim in court for recognizing such a potential supplier or supplier as an unscrupulous procurement participant.

In the case specified in subparagraph 3) of part one of this paragraph, the customer is obliged, no later than thirty calendar days from the day when he became aware of the fact of violation of the procurement rules by the supplier, to file a claim in court for recognizing such supplier as an unfair procurement participant, with the exception

of cases of payment by the supplier of a forfeit (fine, interest) and full performance of contractual obligations.

3. The register of unscrupulous procurement participants provided for in subparagraph 1) of part one of paragraph 2 of this article is formed on the basis of the decision of the centralized procurement control service.

The register of unscrupulous procurement participants provided for by subparagraphs 2) and 3) of part one of paragraph 2 of this article is formed on the basis of a court decision that has entered into legal force.

4. Potential suppliers or suppliers included in the register of unfair procurement participants on the grounds provided for in subparagraph 1) of part one of paragraph 2 of this article are not allowed to participate in procurement within twenty-four months from the date of the customer's decision to recognize them as unfair procurement participants.

Potential suppliers or suppliers included in the register of unfair procurement participants on the grounds provided for in subparagraphs 2) and 3) of part one of paragraph 2 of this article are not allowed to participate in procurement within twenty four months from the date of entry into force of the court decision on the recognition of such suppliers by unscrupulous procurement participants.

5. The decision to enter a potential supplier or supplier into the register of unfair procurement participants may be appealed by them in accordance with the legislation of the Republic of Kazakhstan.

6. A potential supplier is not entitled to participate in ongoing procurement if he or his subcontractor (co-executor) is in the register of unfair procurement participants and (or) in the register of unfair participants in public procurement, and (or) in the list of unreliable potential suppliers (suppliers) of the National Fund welfare and legal entities, fifty or more percent of voting shares (shares in the authorized capital) of which are directly or indirectly owned by the National Welfare Fund.

7. Potential suppliers who are legal entities whose place of registration is a state or territory included in the list of states with preferential taxation approved by the authorized body in charge of ensuring tax revenues and payments to the budget, are not allowed to procure goods, works, services (offshore zones).

Article 186-3. Monitoring compliance with procurement rules

1. Control over compliance with the procurement rules is carried out by the centralized procurement control service.

2. The objects of control are:

1) customer, procurement organizer, tender commission (auction commission), expert procurement commission, procurement expert;

2) a potential supplier, supplier, as well as persons involved by them as subcontractors for the performance of work or co-contractors for the provision of services, within the scope of the procurement;

3) operator of the information system of electronic procurement.

3. The grounds for monitoring compliance with the procurement rules by the centralized procurement control service are:

1) a written appeal or an appeal received through publicly available information systems and complying with the requirements of the legislation of the Republic of Kazakhstan on electronic documents and electronic digital signatures, a potential supplier or supplier taking (took) part in a tender or auction, or his authorized representative with a complaint about actions (inaction), decisions of the customer, the procurement organizer or the tender commission (auction commission), the procurement expert commission, the procurement expert, the operator of the electronic procurement information system. Consideration of such a complaint is carried out subject to the conditions provided for in Article 186-4 of this Law;

2) received decisions of law enforcement agencies.

4. The centralized procurement control service, upon detection of violations of the procurement rules based on the results of control, takes the following measures:

1) sends to the object of control a mandatory notification of elimination of violations no later than three working days from the date of detection of violations;

2) applies to the court with a claim to invalidate procurement contracts that have entered into force, concluded in violation of the procurement rules, with the exception of procurement contracts for which the obligations have been duly fulfilled.

5. Based on the results of the control, the fact of the commission of an action (inaction) containing signs of a criminal offense is revealed, the centralized procurement control service is obliged, within five working days from the date of revealing such a fact, to transmit information on the commission of the specified action (inaction) and confirming such a fact documents to law enforcement agencies.

6. In the case of self-elimination of violations identified as a result of control, within ten working days from the day following the day the object of control is notified of the elimination of violations identified by the results of control, the official is not subject to administrative liability.

7. In case of non-fulfillment of the notification on the elimination of violations revealed by the results of control, within the time period specified in paragraph 6 of this article, the centralized procurement control service transfers the materials to the authorized body in the field of procurement.

Article 186-4. Appealing actions (inaction), decisions of the customer, the procurement organizer, the tender commission (auction commission), the procurement expert, the operator of the electronic procurement information system

1. A potential supplier has the right to appeal against the actions (inaction), decisions of the customer, the procurement organizer, the tender commission (auction commission), the procurement expert, the operator of the electronic procurement information system, if their actions (inaction), decisions violate the rights and legitimate interests of the potential supplier.

2. In the event of an appeal against actions (inaction), decisions of the customer, the procurement organizer, the tender commission (auction commission), the procurement expert, the operator of the electronic procurement information system, to the centralized procurement control service no later than five working days from the date of posting the protocol on the results procurement by means of a tender (auction), the term for concluding a procurement contract is suspended until the end of the period for considering a complaint.

3. After the expiry of the period established by paragraph 2 of this article, the appeal of actions (inaction), decisions of the customer, the procurement organizer, the tender commission (auction commission), the procurement expert, the operator of the electronic procurement information system to the centralized procurement control service is carried out in accordance with with the laws of the Republic of Kazakhstan.

4. A complaint from a potential supplier may be filed through the electronic procurement information system in accordance with the legislation of the Republic of Kazakhstan on electronic documents and electronic digital signatures.

5. In the event of an appeal against actions (omissions), decisions of the customer, the procurement organizer, the tender commission (auction commission), the procurement expert, the operator of the electronic procurement information system to the centralized procurement control service within the time limits established by paragraph 2 of this article, the complaint is considered within ten working days from the date of its receipt.

The centralized procurement control service, no later than one business day from the date of receipt of the complaint, sends the customer a notice of the suspension of the conclusion of the procurement contract.

6. Based on the results of consideration of the complaint received within the time limits established by paragraph 2 of this article, the centralized procurement control service makes a decision to cancel or refuse to cancel the results of the procurement.

7. In case of disagreement with the decision of the centralized procurement control service, adopted in accordance with paragraph 6 of this article, the potential supplier has the right to appeal against it in court.

Article 186-5. Centralized procurement control service

The centralized procurement control service reports directly to the board of directors and reports to it on its work.

Article 186-6. Powers of the operator of the electronic procurement information system

Operator of the electronic procurement information system:

1) carries out the development, maintenance and systematic maintenance of the e-procurement web portal;

2) manages projects for the development of an e-procurement web portal;

3) provides consulting assistance to the subjects of the e-procurement system on the functioning of the e-procurement web portal;

4) ensure information security of storage of electronic information resources of subjects of the electronic procurement system, posted on the web portal of electronic procurement;

5) carries out information content of the e-procurement web portal in accordance with the procurement rules;

6) interacts with authorized entities on the integration of information systems of state bodies, state electronic information resources and ensuring information security

7) exercise other powers aimed at technical support and operation of the e-procurement web portal.

SECTION 6. CIRCUMSCRIBE A RIGHT TO STRATEGIC OBJECTIVES, OWNED BY INDIVIDUALS AND NON-STATE LEGAL ENTITIES

Chapter 13. ENCUMBRANCE AND ALIENATION OF STRATEGIC OBJECTIVES, OWNED BY INDIVIDUALS AND NON-STATE LEGAL ENTITIES

Article 187. The order of encumbrance of strategic objectives, owned by individuals, non-state legal entities, rights of third parties or their alienation

1. Encumbrance of strategic objectives, owned by individuals and non-state legal entities, rights of third parties or their alienation shall be possible on the basis of decision of the Government of the Republic of Kazakhstan on granting of permission according to the procedure determined by this Article, Article 188 of this Law and the laws of the Republic of Kazakhstan.

2. The Government of the Republic of Kazakhstan shall take a decision on granting a permission to encumber strategic facilities with the rights of third parties or their alienation or refusal to issue such a permission on the basis of a sectoral conclusion of the authorized body of the relevant branch, agreed with the national security authorities.

3. Decision on refusal granting of permission to encumbrance of strategic objectives by rights of third parties or their alienation shall be taken in cases, if such encumbrance or alienation lead to a failure to comply with requirements of the legislation of the Republic of Kazakhstan, including requirements on secure of national security of the country, as well as international agreements concluded by the Republic of Kazakhstan.

Refusal on granting of permission to encumbrance or alienation of strategic objective in accordance with this paragraph may not contain a reasoned justification of reasons for refusal.

4. Refusal on granting of permission to encumbrance or alienation of strategic objective may be appealed by the proprietor (owner) of strategic objective or pledgee, bankruptcy or rehabilitation manager in accordance with the laws of the Republic of Kazakhstan.

5. Proprietor (possessor of a right) of strategic objective shall place declared shares on organized securities market on the basis of decision of the Government of the Republic of Kazakhstan on granting permission with indication of number of shares offered.

6. Further transactions with shares, specified in paragraph 5 of this Article, on organized securities market shall not require permission of the Government of the Republic of Kazakhstan, except for cases of one person or affiliated persons on organized securities market acquisition of shares that comprise more than twenty percent of the total number of voting shares of emitter.

On unorganized securities market upon transactions with shares, included in strategic objectives, permission of the Government of the Republic of Kazakhstan shall not be required in case of transactions being carried out in an amount that is not exceeding five percent of the total number of voting shares of emitter.

7. Pledgee of strategic objective, rehabilitation and bankruptcy managers shall take a decision on alienation of specified pledged property on basis of a decision of the Government of the Republic of Kazakhstan on granting permission with establishment of special conditions of alienation and the additional requirements of acquisition of strategic objective.

Alienation of pledged property on the basis of a judicial act shall be carried out under special conditions of alienation and additional requirements to the acquisition of a pledged property (strategic objective), established by the decision of the Government of the Republic of Kazakhstan.

Proposals for establishment of special conditions of alienation and additional requirements for the purchasers of a strategic object shall be submitted by the interested state bodies to the authorized body of the relevant branch.

Footnote. Article 187 as amended by the Law of the Republic of Kazakhstan dated 07.03.2014 No.177-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016).

Article 188. Procedure of encumbrance of strategic objectives, owned by individuals and non-government legal entities, rights of third parties or their alienation

1. To obtain a permit for encumbrance of strategic objects or their alienation, the owner (right holder) of the strategic object shall send the following documents to the authorized body of the relevant branch:

1) application according to a form approved by the Government of the Republic of Kazakhstan;

2) certificate on state registration (re-registration) of a legal entity and notarized copy of the charter for legal entities;

3) copy of the identification document for individuals;

4) project of agreement under that shall be performed transaction on transfer of a strategic objective, or that shall include its encumbrance of rights of third parties;

5) a notarized copy of the document confirming a right of ownership or other proprietary rights to strategic objective;

6) report on an evaluation of strategic objective that determines its market cost, in accordance with the laws of the Republic of Kazakhstan;

7) information about the intended acquirer of the strategic object, up to the final purchaser;

8) in case of placement of declared shares owner (possessor of a right) of a strategic objective shall also submit copies of certificate on state registration of issue of announced shares and the prospectus of issue of shares with the amendments and additions to it;

9) legal entities for that the laws of the Republic of Kazakhstan have established an obligatory audit, shall also submit an original or a notarized copy of an audit report for the last financial year. In case if an application is submitted in due time before 1 June of current year, an original or a notarized copy of an audit report for financial

year preceding the last financial year shall be represented. An original or a notarized copy of an audit report shall not be submitted in cases if legal entity has been established in current fiscal year or legal entity has been established in the past financial year and an application has been submitted in due time before 1 June of current year;

10) decision of board of directors or supervisory board (upon availability);

11) decision of a credit committee of the bank;

12) confirmation on absence or availability of pledge (encumbrances) to encumber property;

13) a structure of owners of strategic objective in percentage;

14) in the case of finding a strategic objective in entrusted administration by a written permission of an owner of strategic objective to alienation of strategic objective or encumbrance rights of third parties with an indication of encumbering person.

Rehabilitation or bankruptcy manager shall submit the documents to an authorized agency of the relevant industry, specified in Subparagraphs 1), 2), 4), 6) and 7) of this Paragraph, as well as judicial act to be applied in respect of the debtor's rehabilitation procedure (on carrying out bankruptcy procedures), an estimated price of alienation (sale) of property and a written consent of committee of creditors on alienation or encumbrance of rights of third parties to a property of debtor (strategic object).

2. To obtain a permit for alienation of the pledged property, the pledge holder of the strategic object shall submit to the authorized body of the relevant branch the documents, specified in subparagraphs 1), 2), 4) and 6) of paragraph 1 of this Article, as well as the pledge contract, the estimated price of alienation (sale) of the pledged property, requirements to potential purchasers of the strategic object.

The bailiff, acting on the basis of a judicial act shall submit to the authorized body of the relevant branch the documents, specified in subparagraphs 1), 4) and 6) of paragraph 1 of this Article, as well as the pledge contract and (or) the judicial act, the estimated price of alienation (sale) of the pledged property, requirements to potential purchasers of the strategic object.

3. The contract, on the basis of which the strategic object is encumbered, shall necessarily contain the rights and obligations of the parties, as well as the conditions for ensuring the safety and further use of the strategic object.

In case of intention to change conditions of the contract on the basis of which the transaction on alienation of the strategic object has been made or that has caused its encumbrance, an owner (possessor of the right) of the strategic object re-apply to the

authorized body of the relevant branch in the procedure, determined by this Article and Article 187 of this Law.

In case of intention of the pledge holder to carry out alienation of the pledged property (strategic object) according to the contract on the basis of which the strategic object has been encumbered, the pledge holder shall apply to the authorized body of the relevant branch in the procedure, established by paragraph 1 of this Article.

4. Consideration of applications for encumbrance of strategic objects or their alienation and adoption of decisions on them by the Government of the Republic of Kazakhstan shall be carried out within no more than forty-five working days from the date of receipt of documents to the authorized body of the relevant branch. The date of receipt of documents shall be the date of receipt of the full package of documents, specified in paragraph 1 of this Article by the authorized body of the relevant branch.

The procedure of consideration of appeals of owners (right holders) of strategic objects, rehabilitation or bankruptcy managers on encumbrance or alienation of strategic object shall be determined by the Government of the Republic of Kazakhstan.

5. Decision on granting or refusal to issue permission to encumbrance of strategic objectives shall be taken by the Government of the Republic of Kazakhstan and shall be issued in the form of resolution.

6. The authorized body of the relevant branch shall be obliged to notify the applicant on the decision made by the Government of the Republic of Kazakhstan in written form within five days from the date of the decision.

7. The authorized body of the relevant branch shall carry out monitoring of transactions on encumbrance of strategic objects by the rights of third parties or their alienation.

Footnote. Article 188 as amended by the Law of the Republic of Kazakhstan dated 24.12.2012 No.60-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 07.03.2014 No.177-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.12.2015 No. 435-V (shall be enforced from 01.01.2016); dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 189. Nationalization of strategic objectives

Strategic objectives may be nationalized according to the procedure provided for by chapter 5 of this Law.

Article 190. Monitoring of strategic objectives

Monitoring of strategic objectives in accordance with the legislation of the Republic of Kazakhstan on state monitoring of property in fields of economics that have strategic importance.

Chapter 14. PRIORITY RIGHT OF THE REPUBLIC OF KAZAKHSTAN TO ACQUISITION OF STRATEGIC OBJECTIVES, OWNED BY INDIVIDUALS AND NON-STATE LEGAL ENTITIES

Article 191. Conditions of use of priority right of the Republic of Kazakhstan to acquisition of strategic objectives, owned by individuals and non-state legal entities

1. In the case of intention of an individual or non-state legal entity to consummate transaction on alienation of strategic objective, as well as levy of execution on strategic objective or alienation of the strategic objective by a rehabilitation or bankruptcy manager or sale of the pledged property (strategic objective) by pledgee in extrajudicially, or levy of execution on a strategic objective on the basis of a judicial act of the Republic of Kazakhstan shall have priority right to acquire strategic objective on conditions, determined by this chapter.

2. On behalf of the Republic of Kazakhstan a priority right to acquisition of a strategic objective shall be implemented by the Government of the Republic of Kazakhstan or on its instruction by national managing holding.

Footnote. Article 191 as amended by the Law of the Republic of Kazakhstan dated 07.03.2014 No.177-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.12.2015 № 435-V (shall be enforced from 01.01.2016)

Article 192. Order of realization of priority right of the Republic of Kazakhstan to acquisition of strategic objective

1. The authorized body of the relevant branch shall submit to the Republican budget Commission a draft of decision of the Government of the Republic of Kazakhstan on implementation of the priority right to purchase a strategic object with the justification for allocation of necessary budgetary funds.

Republican budget commission shall take respective decision. Recommendations and proposals of the republican budget commission shall be submitted for consideration to the Government of the Republic of Kazakhstan.

2. The Government of the Republic of Kazakhstan within the period not exceeding thirty working days from the moment of taking decision by republican budget commission may take a decision on use of priority right to acquisition of strategic objective.

Decision of the Government of the Republic of Kazakhstan on use of priority right to acquisition of strategic objective may not contain a reasoned justification of reasons to use this right.

3. On results of taken by the Government of the Republic of Kazakhstan decision an authorized body of relevant field shall in written form notify a person conducting

an alienation of strategic objective, not later than five working days from the date of rendering of decision.

4. Owner (possessor of a right) of strategic objective at any time prior to a conclusion of contract may refuse from the alienation of strategic objective. At refusal of an owner (possessor of a right) from an alienation of strategic objective and implementation of priority right of the state to acquisition shall stop.

5. The terms of purchase of strategic objects taking into account the budget process shall not exceed twelve months from the date of adoption by the Government of the Republic of Kazakhstan of the decision on use by the Government of the Republic of Kazakhstan of the priority right to purchase a strategic object.

Terms of redemption of strategic objectives on their sale by rehabilitation or bankruptcy manager shall not exceed the timing of rehabilitation procedure or bankruptcy proceedings, established by the Law of the Republic of Kazakhstan "On bankruptcy".

6. In cases of foreclosure on a strategic object or initiation of bankruptcy proceedings, rehabilitation, the owners (right holders) of strategic objects within five working days from the receipt of the notification of foreclosure on the strategic object or from the moment of receipt of a copy of the court ruling on bankruptcy, rehabilitation are obliged to notify the authorized body of the relevant industry in writing about levying execution on a strategic object or initiating bankruptcy, rehabilitation proceedings. Failure to comply with the notification obligations shall entail the consequences provided for in Article 195 of this Law.

The Government of the Republic of Kazakhstan shall exercise the priority right to acquire a strategic object in the manner provided for by this article.

Levy of execution on a strategic object or alienation of a strategic object as part of the property mass is made after receiving a decision of the Government of the Republic of Kazakhstan on the implementation of the priority right or refusal to exercise the priority right to acquire a strategic object

7. In case of refusal of the Republic of Kazakhstan from realization of priority right upon levy of execution to strategic objective, or alienation of strategic objective to composition of property mass alienation of strategic objective shall be carried out in accordance with the Law of the Republic of Kazakhstan "On rehabilitation and bankruptcy" and other laws of the Republic of Kazakhstan.

Footnote. Article 192 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 07.03.2014 No.177-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.12.2015 № 435-

V(shall be enforced from 01.01.2016); dated December 27, 2019 No. 290-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 193. Determination of market price

1. Upon realization of priority right to acquisition of strategic objective shall be refundable a market price of strategic objective.

2. A market price of strategic objective shall be determined on basis of evaluation of property acquired by the state upon implementation of priority right to acquisition of strategic objective, in accordance with the rules of Article 206 of this Law.

Article 194. Managing strategic objectives, redeemed by the state

The Government of the Republic of Kazakhstan shall pass redeemed strategic objectives to payment of shares or as property contribution to a charter capital of a specially created entity with a hundred-percent state participation or of national managing holding, national holding or national company under the rules of Article 114 of this Law.

Article Article 195. Consequences of violation of provisions on encumbrance of strategic objects with the rights of third parties or their alienation and priority right to acquire strategic objects

A transaction made by the owner of rights to strategic objects in violation of the requirements for encumbrance of strategic objects with the rights of third parties or their alienation and the priority right to acquire strategic objects may be declared invalid by the court from the moment it has been completed.

Footnote. Article 195 is in the wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

SECTION 7. ACCOUNTING OF STATE PROPERTY, MONITORING, EVALUATION AND CONTROL OVER USE OF PROPERTY

Chapter 15. ACCOUNTING OF STATE PROPERTY, MONITORING, MANAGEMENT EFFECTIVENESS EVALUATION OF STATE PROPERTY AND CONTROL OVER USE OF STATE PROPERTY

Article 196. General provisions on accounting of state property and on monitoring of management effectiveness evaluation of state property

1. Accounting of state property shall be carried out for the purpose of monitoring and effective use of state property. Data on accounting of state property shall be included to the register of state property.

2. Monitoring of management effectiveness of state property, including state enterprises and legal entities with participation of the state, shall be carried out in

order to secure socio-economic interests of the state according to the procedure provided for by the Government of the Republic of Kazakhstan.

3. Rules of this chapter shall determine an order of accounting of state property of the Republic of Kazakhstan and administrative-territorial units, basic principles of formation of a register of state property and its functioning, as well as composition, a list and a procedure of collection, processing and actualization of information on objects of the account.

Actualization of information on objects of account shall be carried out by updates, additions, changes and other actions allowing reflecting in information of account actual, objective and reliable information on content of state property.

Article 197. Type of accounting of state property

1. A single centralized accounting of state property in the form of register of state property shall be carried out by the authorized body on state property.

2. Departmental account of state property shall be carried out by authorized bodies of relevant field, representing information about objects of account in the register of state property, except for cases provided for by Articles 210 - 212 of this Law.

Note of the RCLI!

This version of paragraph 3 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

3. By types of state property in the register of state property separate accounting of republican and communal property, and by levels of local government and self-government - separate accounting of regional and district communal property, and also communal property of local self-government shall be carried out.

Accounting of communal property shall be organized by local executive bodies and the Akims’ administrations of the cities of district significance, villages, townships, rural districts for reflection in the register of state property, except for the cases provided for by Chapter 17 of this Law.

Footnote. Article 197 as amended by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2).

Article 198. Object of accounting of state property and monitoring of management effectiveness of state property

1. The objects of accounting of the register of state property shall be:

1) state legal entities and property that is attached to them;

2) land plots that are under in land use;

3) state-owned shares of joint stock companies and stakes of participating in chapter capital of limited liability partnerships;

4) objects of national cultural heritage owned by the state;

5) objects of intellectual property owned by the state;

6) is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication);

7) other types (categories) of state property, determined by the rules of maintaining the register of state property, approved by the authorized body for state property.

2. Data about objects of account of state property shall be data that characterize these objects. Accounting of state property shall include a description of accounting object with an indication of its individual characteristics that distinguish it from other objects.

3. Accounting of state property outside the Republic of Kazakhstan shall be carried out by an authorized body of relevant field.

4. The rules of this chapter shall not apply to property comprising state or the local treasury. Accounting of this property shall be carried out according to the procedure provided for by the Budget Code of the Republic of Kazakhstan and other laws of the Republic of Kazakhstan.

5. Accounting of material assets of the state material reserve shall be carried out by the authorized body in the field of state material reserve in the manner, determined by the Government of the Republic of Kazakhstan.

6. Accounting of state property that has been transferred to the state in the process of requisition shall be carried out according to the procedure determined by the Government of the Republic of Kazakhstan.

7. Objects of monitoring of management effectiveness of state property shall be:

1) state enterprises;

2) legal entities with participation of the state, including joint stock companies and limited liability partnerships with participation of the state, including national managing holdings, except for the national welfare Fund, national holdings, national companies, shareholder of that is the state;

3) all types of property that is part of the state property, including those in trust, lease, concession or transferred under a contract of public-private partnership.

Footnote. Article 198 as amended by the Law of the Republic of Kazakhstan dated 01.02.2012 No.551-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 31.10.2015 № 380-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 199. Information specified in the register of state property

1. In the register of state property on object of account of state property shall include the following information:

- 1) description of object, allowing to identify it;
- 2) information about facilities or attaching of object to certain state legal entities, legal entity with participation of the state or non-state legal entity in accordance with an agreement;
- 3) balance cost of object;
- 4) information on existence of encumbrances of property by rights of third parties and type of encumbrances;
- 5) details of persons responsible for content or safety of an object;
- 6) bases of creation and termination of rights to an object, and in cases of compulsory registration rights to state property provided under the laws of the Republic of Kazakhstan, - information about state registration of an object and (or) rights to it.

2. To composition of additional information specified in the register of state property for objects of accounting, shall be included development strategies and development plans of state enterprises, state-controlled joint stock companies and limited liability partnerships, including national managing holdings, national holdings, national companies, shareholder of that is the state, and reports on their execution.

Composition of additional information specified in the register of state property for objects of accounting of state property shall be determined by the rules of conducting a register of state property.

3. Responsibility for qualitative and timely submission of information to the register of state property shall carry heads of state enterprises, heads of executive bodies of joint stock companies and limited liability partnerships with participation of the state.

Article 200. Maintenance of register of state property

1. Data of the register of state property shall be used by authorized state bodies of the Republic of Kazakhstan on taking decisions linked with the management of state property and control over its safety.

2. Accounting in the register of state property intended to carry out registration and informational purposes only and shall not have constitutive or certifying rights values.

3. The register of state property shall be formed and maintained by the authorized body for state property on the basis of the data of legal cadastre, as well as on information of central executive bodies for land management, state statistics, ensuring tax revenues and other mandatory payments to the budget, regulation and supervision of the securities market, protection of competition and restriction of monopolistic activity and other central executive bodies, as well as local executive bodies in the order, established by the authorized body for state property. These data shall be subject to transfer to the authorized body for state property in the form, volume and frequency, which have been established by the authorized body for state property.

Note of the RCLI!

This version of paragraph 4 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On State Property” dated 01.03.2011 № 413-IV).

4. When maintaining the register of the state property objects of republican and communal property of the level of region, the city of republican significance, the capital city, district (the city of regional significance) and the city of district significance, village, township, rural district shall be subjects to separate accounting.

Communal property of the region, the city of republican significance, the capital city, district (city of regional significance) and city of regional significance, village, township, rural district shall be subject to accounting in the register of state property by local executive bodies of regions, cities of republican significance, the capital city, districts (cities of regional significance) and by the Akims’ administrations of the cities of district significance, villages, townships, rural districts.

5. In the register of state property shall be included a full list of state legal entities and legal entities with participation of the state. Creation, reorganization, liquidation, re-registration, change of a name of state legal entities and legal entities with

participation of the state shall be subjected to accounting in the register of state property in accordance with the rules of conducting the register of state property.

6. State legal entities shall be obliged to provide data entry of accounting objects in the register of state property, and also to carry out inventory, certification and re-evaluation of state property in the same time, using the same methodology and data format established by an authorized body on state property. Inventory of state property shall secure an identification of actual existence of the state property, as well as identification unaccounted and unattached state property and its further attachment to state legal entities.

7. Data of the register of state property shall be owned by the state.

8. Users of information of the register of state property shall be state bodies, legal entities and individuals. Access to the data of the register of state property shall be provided for by a single operator in the field of accounting of state property through a web portal of the registry of state property.

9. A unified operator in the field of accounting of state property shall:

1) provide preparation, introduction and modernization of software required for maintenance of the register of state property;

2) secure uninterrupted operation of technical and software tools of maintenance of the register of state property;

3) provide creation, functioning and technical support of web portal of the registry of state property;

4) provide e-services to users of the registry of state property with use of information systems in accordance with the legislation of the Republic of Kazakhstan on informational support;

5) provide access to data of the register of state property to users of the registry of state property;

6) provide advisory and practical assistance to state bodies in the field of accounting of state property;

7) perform functions of management of technical projects on implementation of accounting of state property;

8) introduce amendments and additions to the register of state property about objects of accounting;

9) perform functions of a nominal holder of securities owned by the state, or in respect of that the state has a proprietary right;

10) maintain in proper operating condition the assets of territorial divisions of the authorized agency on state property transferred to him in trust management;

11) perform the functions of managing and operating the property of territorial divisions of the authorized agency on state property transferred to him in trust management, as well as monitoring the assets of territorial divisions of the authorized agency on state property transferred to private partners in accordance with the legislation of the Republic of Kazakhstan in the field of public-private partnerships;

12) shall enter information into the state property register for the assets of the territorial divisions of the authorized body for state property transferred to him in trust management.

The functions of a single operator in the field of state property accounting, specified in Subparagraphs 1), 2) and 3) of part one of this Paragraph shall have the right to carry out a legal entity with participation of the state in the authorized capital by a decision of the authorized agency on state property, determined in accordance with the Laws of the Republic of Kazakhstan to perform similar functions.

The procedure for the interaction of a single operator in the field of state property accounting with the authorized agency for state property shall be determined by the contract of trust management of state property.

10. Financing of expenses for formation and maintenance of the register of state property shall be carried out at the expense of an appropriate budget.

Footnote. Article 200 as amended by the laws of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 № 90-VI (for the procedure of enforcement see subparagraph 1) of paragraph 1 of Art. 2); dated 02.04.2019 No. 241-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 201. Order of maintenance of register of state property

1. Maintenance of register of state property shall be carried out through:

- 1) inclusion in register of data on object of accounting;
- 2) actualization of data on object of accounting;
- 3) exclusion from the register an account object.

2. Inclusion of object in register of state property shall mean entering to register information provided for by Article 199 of this Law.

3. The exclusion of an account object from the registry in connection with the termination rights of the state on his observation of this object shall be terminated.

Transfer of an account object from management of one state body to another, as well as transfer to possession and (or) use of state and non-state legal entities and individuals shall not be grounds for exclusion of an account object from the registry.

Data about an object of accounting, excluded from register of state property, shall be archived to registry database.

4. The rules for maintaining the state property register, including the procedure for interaction of state bodies and submission to the users of information from it, shall be determined by the authorized body on state property.

Footnote. Article 201 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 202. Management effectiveness evaluation of state property and control over use of state property

1. Evaluation of the effectiveness of state property management shall be carried out in the manner determined by the authorized body for state planning.

Note of the RCLI!

This version of paragraph 2 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 07.11.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand or less people, see the archive version dated 25.12. 2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

2. Control over the safety of property of subordinated state legal entities and implementation of the development plan of subordinated state enterprises shall be carried out by the authorized body of the relevant branch or local executive bodies or the Akims’ administrations of the cities of district significance, villages, townships, rural districts.

Note of the RCLI!

This version of paragraph 3 is valid from 01.01.2018 for the cities of district significance, villages, townships, rural districts with population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the current version until 01.01.2020 for the cities of district significance, villages, townships, rural districts with population of two thousand and less people see the archive version dated 25.12.2017 of the Law of the Republic of Kazakhstan “On state property” dated 01.03.2011 № 413-IV).

3. Control over the targeted use of state property and the seizure of excessive, unused or used for other purposes property shall be carried out in regard to the republican property by the authorized body for state property, in regard to communal property – by local executive bodies or by the Akims’ administrations of the cities of

district significance, villages, townships, rural districts in the manner, determined by the Entrepreneurial code of the Republic of Kazakhstan.

4. A methodological guide on monitoring of use of state property shall be carried out by an authorized body on state planning.

Footnote. Article 202 as amended by the laws of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 11.07.2017 № 90-VI (for the procedure of enforcement, see subparagraph 1) of paragraph 1 of Art. 2).

Chapter 16. EVALUATION OF PROPERTY ACQUIRED OR ALIENATED BY THE STATE ON CERTAIN GROUNDS

Article 203. General provisions on evaluation of property acquired or alienated by the state on certain grounds

1. The rules of this chapter shall apply to evaluation of property upon implementation of priority right to acquisition of a strategic object, nationalization, requisition, alienation of land plots or other immovable property in connection with the seizure of land plots for state needs, transfer of property as a property contribution to the charter capital of limited liability partnerships or in payment for the acquisition of shares of joint-stock companies, provision of state natural grants, gratuitous transfer of state property to an autonomous organization of education.

2. Evaluation of property acquired or alienated by the state on the bases specified in paragraph 1 of this Article shall be conducted by appraiser in accordance with the Law of the Republic of Kazakhstan "On appraisal activities in the Republic of Kazakhstan".

3. Payment of bonus to an appraiser shall be carried out from budgetary funds.

4. Disputes on reliability of results of evaluation shall be resolved in accordance with the Laws of the Republic of Kazakhstan.

5. To the relations of property evaluation emerged on acquisition and termination of rights of state property, transfer of state property to possession and (or) use shall be applied provisions of the Law of the Republic of Kazakhstan "On appraisal activities in the Republic of Kazakhstan".

Footnote. Article 203 as amended by the Law of the Republic of Kazakhstan dated 21.07.2015 № 337-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 204. Order of definition of property evaluation of acquired or alienated by the state on certain grounds

For acquired or alienated by the state of certain types of property on the grounds provided for by paragraph 1 of Article 203 of this Law, an appraiser shall be determined in accordance with the legislation of the Republic of Kazakhstan on state procurement.

Article 205. Particularities of evaluation of property acquired by the state on nationalization

1. Upon conducting evaluation of nationalized property to establishment shall be subjected market price of specified property without regard for changes in result of an announcement about upcoming nationalization.

2. On demand of an owner of nationalized property shall be conducted evaluation of a price of nationalized property on the date of payment of compensation. Payment of remuneration to an appraiser shall be carried out from budgetary funds.

3. Upon payment of compensation of price of nationalized property by other property an evaluation of transferred property to an owner in exchange for nationalized property shall be made according to the rules of Articles 203 and 204 of this Law.

Footnote. Article 205 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 206. Particularities of property evaluation acquired by the state upon realization of priority right to acquisition of strategic objective

1. On conducting evaluation of property acquired by the state on realization of priority right for acquisition of strategic objective, to establishment shall be subjected a market price of strategic objective, without regard for changes in result of announcement on implementation of state's priority right to acquisition of strategic objective, specified by evaluation report of strategic objective, represented by an owner of strategic objective in accordance with paragraph 1 of Article 188 of this Law.

2. Is excluded by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

3. On demand of an owner of strategic objective may be conducted re-evaluation of a price of strategic objective on the date of payment of compensation. Payment of bonus to an appraiser shall be carried out from budgetary funds.

Footnote. Article 206 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 207. Particularities of evaluation of property acquired by the state upon requisition

1. Upon requisition appraiser shall be determined by an authorized body conducting a requisition in accordance with the legislation of the Republic of Kazakhstan on state procurement.

2. Evaluation of property upon requisition shall be approved by an authorized body conducting a requisition.

3. Procedure of evaluation and determining size of compensation of a cost of requisitioned property shall be established by the Government of the Republic of Kazakhstan.

Article 208. Particularities of evaluation of property acquired by the state upon its seizure for state needs

1. On conducting evaluation of alienated for state needs land plot or other immovable property in connection with a seizure for state needs shall be subjected to determination a market price of specified property without regard for changes in result of adoption of a resolution specified in paragraph 2 of Article 63 of this Law.

Evaluation of alienated for state needs land plot or other immovable property in connection with seizure of land plot for state needs shall be made in accordance with the standard of evaluation, approved by an authorized body in field of evaluation activity.

2. On demand of an owner or non-state land user of alienated for state needs land plot or other immovable property due to the fact of seizure of land plot for state needs, directed to an executive authority, shall be conducted evaluation of a price of alienated for state needs property on the date of payment of compensation.

3. On providing compensation by property other than money its evaluation shall be performed according to the rules of Articles 203 and of this Law.

Footnote. Article 208 as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 209. Particularities of evaluation of state property transferred as property contribution to charter capital of limited liability partnership or in payment of shares of joint stock companies

1. A cost of state property transferred as property contribution to charter capital of limited liability partnerships or in payment of shares of joint stock companies shall be confirmed by an appraiser.

2. Upon transfer of right to use a property as property contribution to charter capital of limited liability partnerships or in payment of shares in joint stock companies a size of this contribution or size of payment for shares shall be determined by payment for possession of such property according to the rules of paragraph 1 of Article 59 of the Civil Code of the Republic of Kazakhstan and the laws of the Republic of Kazakhstan "On joint stock companies" and "On limited and additional liability partnerships".

Chapter 17. PARTICULARITIES OF ACCOUNTING AND USE OF PROPERTY, RECEIVED TO THE COMPOSITION OF STATE PROPERTY ON CERTAIN GROUNDS

Article 210. Particularities of accounting of the property, received to the composition of state property on certain grounds

1. Particularities of accounting of property, provided for by this chapter shall apply to property, received to the composition of state property, on the following grounds:

1) appropriation;

2) forfeiture to state income of material evidence on the basis of judicial acts;

3) finding treasure, containing things related to cultural values;

4) transfer of gifts to public servants in connection with their official position or performance of their official duties, as well as to members their families, that is subjected to gratuitous lease to a special state fund;

5) gratuitous transfer in accordance with the legislation of the Republic of Kazakhstan, to a composition of republican property, including goods and vehicles, registered in a customs regime of refusal in favor of the state;

6) recognition by court as ownerless of immovable property received to a communal property;

7) testamentary succession;

8) transfer to the state of escheated property;

9) transfer to the state of finding;

10) transfer to the state of unattended animals;

11) gratuitous transfer (donation) of property to a composition of communal property;

12) finding treasure, not containing things related to cultural values.

2. Rules of chapter 15 of this Law shall apply to accounting of property, received to composition of state property on certain grounds, except cases if property is subjected to immediate destruction or realization. In these cases details on specified

property shall be subjected to accounting, but shall not be represented to register of state property.

Article 211. Bodies, carrying out accounting, storage and further use of property received to composition state property on certain grounds

1. The authorized body for state property management shall organize the work on accounting, storage, evaluation and further use of the following property converted (received) to the republican property:

- 1) of appropriated;
- 2) of material evidence forfeiture to state income on basis of judicial acts;
- 3) of findings treasure, containing things related to cultural values;
- 4) of gifts to public servants in connection with their official position or performance of their official duties, as well as to members their families, that is subjected to gratuitous lease to a special state fund;
- 5) of gratuitously transferred in accordance with the legislation of the Republic of Kazakhstan, to republican property, including goods and vehicles, registered in a customs regime of refusal in favor of the state.

2. Local executive bodies of regions, cities of regional status shall organize a work on accounting, storage, evaluation and further use the following property converted (received) to a communal property:

- 1) recognized in accordance with the legislation of the Republic of Kazakhstan as ownerless;
- 2) transferred to the state by right of inheritance, and also escheated property;
- 3) findings;
- 4) unattended animals;
- 5) gratuitously transferred in the order established by the legislation of the Republic of Kazakhstan, to communal property, including goods and vehicles, registered in the customs regime of refusal in favor of the state;
- 6) treasures (a share of treasure), not containing things related to cultural values;
- 7) confiscated;
- 8) material evidences, turned to the income of the state on the basis of judicial acts.

2-1. Types of property, received by the state property on separate grounds, in respect of which accounting, storage and further use shall be carried out by the authorized body for state property management or local executive bodies of districts, cities of regional significance, shall be determined by the Government of the Republic of Kazakhstan.

3. Further use of property received on the grounds specified in paragraphs 1 and 2 of this Article, shall be carried out by means of its implementation, except for the cases established by the legislation of the Republic of Kazakhstan.

4. Transfer for temporary use to legal entities and individuals of property received by the state on specified in this Article grounds shall be prohibited.

Footnote. Article 211 as amended by the Law of the Republic of Kazakhstan dated 15.01.2014 No.164-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 212. Accounting rules and storage of property received to composition of state property on certain grounds

1. Registration of property shall be carried out on the basis of:

- 1) relevant judicial acts;
- 2) certificate on right of the state to inheritance issued by a notary;
- 3) cargo customs declaration, declared in accordance with the customs regime for refusal in favor of the state after completion of customs registration;
- 4) other documents confirming emergence of property rights of the state.

2. A property shall be transferred on grounds of an inventory act, evaluation and (or) receipt and transfer of property. An inventory act, evaluation and (or) receipt and transfer of property shall be compiled according to the number of parties specified to therein.

3. For accounting of an inventory acts, evaluation and (or) receipt and transfer of inventory property shall be kept book of record. In book of records of inventory shall be registered inventory acts, evaluation and (or) receipt and transfer of property on their rolling basis. Order of conducting an account of property received to composition of state property on certain grounds, a form of an inventory acts, evaluation and (or) on a rolling basis of property and book of record of acts shall be determined by the Government of the Republic of Kazakhstan.

4. Storage of property received by the state under provisions of this Article shall be carried out in accordance with the requirements provided for by Articles 211 and 213 of this Law and other laws of the Republic of Kazakhstan.

Article 213. Realization of property received to composition of state property on certain grounds

1. Realization of state property acquired by the state on certain grounds shall be produced with compliance of the following rules:

- 1) through trade organizations on the basis of a contract of commission shall be realized:

food products with limited shelf life (storage);

industrial products, second-hand goods (except for vehicles, antiques and goods);

2) at an auction on stock exchange shall be realized securities;

3) at auctions shall be realized other property that is not specified in subparagraph 1) of this paragraph.

If after realization through trade organizations or at auctions, the property remains unrealized fully or partly, the authorized body for state property management or the local executive body shall perform re-evaluation of the specified property.

Procedure for use and destruction of property, that is unfulfilled at the lowest price, shall be established by the Government of the Republic of Kazakhstan.

2. Rules of this Article shall apply to dismantled vehicles, objects of industrial and other equipment, construction in progress or other property that is similar in essence. A specified property shall be evaluated and realized as spare parts, building materials or scrap of ferrous and nonferrous metals.

3. Funds gained from realization of property specified in this Article, shall be credited to an income of budget according to the procedure provided for by the Budget Code of the Republic of Kazakhstan.

4. Expenses, connected with an account, evaluation, storage, transmittal, organization of sale and other expenses on further use of property shall be carried out at the expense of budgetary funds in accordance with the Budget Code of the Republic of Kazakhstan.

5. In case of cancellation (change in the relevant part) by judicial act on the ground of which the property became the property of the state, the authorized body for the state property management or local executive bodies shall return the property in kind. If the property has been realized in accordance with the procedure, established by the legislation of the Republic of Kazakhstan, its value shall be reimbursed within the funds received from its realization.

Losses shall be subjects to compensation in accordance with paragraph 4 of Article 9 of the Civil code of the Republic of Kazakhstan.

Footnote. Article 213 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 214. Particularities of implementation of rights to property, having historical, scientific, artistic or other cultural value

1. A property that may have historical, scientific, artistic or other cultural value shall be subjected to examination by a special commission, created in accordance with

the Law of the Republic of Kazakhstan "On protection and use of the objects of historical and cultural heritage".

2. Property, referred to historical, scientific, artistic or other cultural values, may be transferred gratuitously to state museums as may be agreed with an authorized body on protection and use of objects of historical and cultural heritage.

Article 215. Particularities of implementation of rights to money, precious metals, precious gems and products from them

1. Property in a form of money shall be credited to budget income.

Foreign currency shall be credited to budget income at market exchange rates, determined on a day of performance of transactions, through branches of the National Bank of the Republic of Kazakhstan. Procedure of admission, storage, realization of non-convertible foreign currency, converted to ownership of the state on certain grounds, as well as crediting of money received from their realization to the budget shall be established by the National Bank of the Republic of Kazakhstan.

2. Transfer of property in a form of money to the National Bank of the Republic of Kazakhstan and to its branches shall be made by body, seized such property, with direction to an authorized body on transfer notice with specification of amount, time of transfer and the recipient of a property.

3. Amount of investments (deposits) received to composition of state property shall be transferred by banks to budget in full volume in nominal terms.

4. Precious metals, precious gems and products from them shall be directed and deposited in the National Bank of the Republic of Kazakhstan.

The order of transportation, acceptance, accounting, evaluation, storage and realization of precious metals, precious stones and products made from them, converted (received) into the property of the state on separate grounds, shall be established by the authorized body for state property management in coordination with the National Bank of the Republic of Kazakhstan.

Expertise and storage of gifts from precious metals of a special state fund prior to their sale is carried out by the National Bank of the Republic of Kazakhstan.

5. The rules of this Article shall apply to the property in the form of cash winnings on lottery tickets, receipts or other documents. The cost of winning in kind on lottery tickets, receipts or other documents shall be credited to the budget by the person, being the operator of the lottery.

Transfer of lottery tickets, receipts or other documents shall be made under the inventory act, which specifies the name of the lottery, the name of the lottery operator, the number or name of the circulation (if any), the date and place of the prize draw (if

any), the number of the lottery ticket, receipt or other document and the size of the prize.

Footnote. Article 215 as amended by the laws of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 09.04.2016 № 496-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 03.07.2019 No. 262-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 216. Peculiarities of exercise of the rights to gifts

1. Gifts worth over ten monthly calculation indices, established by the laws of the Republic of Kazakhstan, transferred (handed) publicly or during official events to a public servant in connection with their official position or in connection with their official duties, as well as to their family members, shall be considered as a gift to the state and enter into the state property, form a special state fund and are handed over to the authorized state property management body or local executive bodies in the manner and on the terms determined by the laws of the Republic of Kazakhstan.

2. Realization of property from a special state fund shall be carried out taking into account the peculiarities provided for by the Law of the Republic of Kazakhstan “On combating corruption”.

3. The authorized body for state property management or local executive bodies shall have the right to realize a gift from the special state fund to third parties only after a written refusal to buy out by the person who has handed over the gift.

Footnote. Article 216 is in the wording of the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-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 18.11.2015 № 411-V (shall be enforced from 01.01.2016).

Article 217. Particularities of termination of rights to food raw materials, food products and other property not meeting requirements for their quality and safety

Food raw materials, food products, not meeting the requirements of regulatory documents to their quality and safety, tobacco products and other products containing tobacco of unknown origin, not meeting the requirements of the legislation of the Republic of Kazakhstan and sanitary and epidemiological rules and norms and hygienic standards, sold without excise stamps, as well as minor batches of goods and other property for which the costs associated with transportation, storage, implementation, sanitary and epidemiological examination and certification, exceed their estimated value, shall be destroyed by the commission, created by the authorized

body for the state property management or local executive bodies, in accordance with the legislation of the Republic of Kazakhstan.

In necessary cases to composition of a commission may be involved workers of sanitary-epidemiological service and other specialists of local executive bodies and other interested organizations.

Footnote. Article 217 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 218. Particularities of exercise of rights to housing converted (received) to ownership of the state

Dwellings converted (received) into the ownership of the state on separate grounds specified in Article 19 of this Law shall be included in the state housing stock.

Order of further use of housings, received to ownership of the state on certain grounds, shall be regulated by the Law of the Republic of Kazakhstan "On housing relations".

Footnote. Article 218 as amended by the Law of the Republic of Kazakhstan dated December 26, 2019 No. 284-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Chapter 18. FINAL AND TRANSITIONAL PROVISIONS

Article 219. The order of the entry into force of this Law

1. This Law enters into force from the date of its first official publication, except for chapter 15 that enters into force upon expiration of two years after its first official publication.

2. Shall be declare to be no longer in force:

1) Law of the Republic of Kazakhstan dated 19 June 1995 "On state enterprise" (Bulletin of the Supreme Soviet of the Republic of Kazakhstan, 1995, No. 9-10, Article 66; No. 24, Article 164; Bulletin of the Parliament of the Republic of Kazakhstan, 1997, No. 12, Article 183; No. 13-14, Article 205; 1998, No. 23, Article 429; 1999, No. 22, Article 789; No. 23, Article 916; 2001, No. 10, Article 126; 2002, No 10, Article 102; 2003, No. 11, Article 71; 2004, No. 11-12, Article 65; 2006, No. 12, Article 71; No. 15, Article 95; 2007, No. 4, Article 33; No. 9, Article 67; No. 18, Article 143; No. 19, Article 148; 2008, No. 24, Article 126; 2009, No. 15-16, Article 76; No. 18, Article 86; No. 23, Article 112);

2) Law of the Republic of Kazakhstan dated 23 December 1995 "On privatization" (Bulletin of the Supreme Soviet of the Republic of Kazakhstan, 1995, No. 24, Article 163; Bulletin of the Parliament of the Republic of Kazakhstan, 1997,

No. 12, Article 189; 1999, No. 21, Article 786; No. 23, Article 916; 2000, No. 21, Article 396; 2001, No. 8, Article 52; 2002, No. 10, Article 102; 2003, No. 1-2, Article 6; No. 11, Article 56; 2004, No. 23, Article 142; 2007, No. 1, Article 4).

3) In relation to state enterprises, privatized as a property complexes prior to the entry into force of this Law, the record on termination of activity of state enterprise shall be entered by a registration authorities on basis of buy and sell agreement and transfer act of property, presented by a seller of state property within six months from the day of entry into force of this Law.

State enterprises created prior to the entry into force of this Law, type of activities specified by this Law, shall be liquidated, reorganized or privatized in accordance with the legislation of the Republic of Kazakhstan within one year from the date of the entry into force of this Law, except for state enterprises, carrying out activities in the sphere of forestry-based projection that may carry out activity until 1 January 2015.

Article 220. Measures aimed at implementation of this Law

1. The Government of the Republic of Kazakhstan and local executive bodies of regions, cities of republican status, capital within six months from the day of the entry into force of this Law shall be obliged to take measures aimed at bringing adopted regulatory legal acts on state property in conformity with this Law.

2. The Government of the Republic of Kazakhstan within two years from the date of the entry into force of this Law shall be obliged to approve the procedure for maintaining a register of state property and the plan of measures on creation of a registry of state property and secure an implementation of this plan.

The President

of the Republic of Kazakhstan

N. Nazarbayev