Law of the Republic of Kazakhstan dated May 13, 2003 № 415-II
On Joint Stock Companies

(with **alterations and amenmends** *as of 11.07.2009)*
Alterations were introduced into Article 1 according to **the Law of RK** *dated 08.07.05 № 72-III (***see old verion.***); Law of RK dated from 19.02.07 № 230-III (***see old version.***) it was stated in version* **of the Law of RK** *dated 23.10.08 № 72-IV (***see old version***)*

CONCERNING JOINT-STOCK COMPANIES AMENDMENTS
AND ADDITIONS INTRODUCED BY:

1) Law "Amendments and Additions" No. 500 of 29th November 2003 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts Concerning Issues of Taxation. Effective from the 1st January 2004;
2) Law "Amendments Continued No. 11 of 13th December 2004 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Taxation. (Article 32). Effective January 1, 2005;
3) Law No. 72 of 8th July 2005 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Securities Markets and Joint-Stock Companies. (Articles: 1, 4 repealed, 6, 7, 9, 11 replaced, 13, 15, 16, 17 excluded, 18 replaced, 19, 22, 23, 24, 25, 26, 27, 29 repealed, 31, 32, 33, 35, 36, 39, 41, 45, 47, 49, 51, 52, 53, 54, 55, 57, 58, 60, 61, 64, 65 excluded, 66, 67, 68, 70 replaced, 71, 72, 73 replaced, 76, 77 excluded, 78, 79, 81, 82 replaced, 83 replaced, 84 replaced, 85 replaced, 86, 88, 89, 90). Effective date n/a. Repeal of Article 4 to be effective January 1, 2006; and
4) Law No. 146 of 5th June 2006 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Formation of the Regional Financial Centre of the City of Almaty. (Article 18). Effective date n/a
5) Law No. 178 of 7th July 2006 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Improving the Management of the State Sector of the Economy. (Article 34). Effective date n/a;
6) Law No. 230 of 19th February 2007 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Protecting Rights of Minority Investors. (Articles: 1, 4-1 introduced, 6, 14, 15, 18, 22, 23, 25, 26, 27, 30, 33, 35, 36, 41, 43, 44, 49, 52, 53, 53-1 introduced, 57, 58, 59, 62, 63 replaced, 64, 79, 80, 86). Effective date n/a;
7) Law No. 235 of 28th February 2007 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Concerning Issues of Accounting and Financial Reporting (Articles: 75, 76). Effective date n/a
8) Law No. 253 of 15th May 2007 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Aditions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Labour Regulation (Article:59). Effective date n/a; and
9) Law No. 321 of 7th August 2007 of the Republic of Kazakhstan. Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Ensuring of Interests of the State in the Sphere of Economy (Article:14). Effective date n/a

This Law shall define the legal status, the procedure for the formation, functioning, reorganization and liquidation of joint-stock companies; the rights and obligations of shareholders, as well as measures for the protection of their rights and interests; competence, procedure for the formation and function of governing bodies of joint-stock companies; the powers, procedure for the election and liability of their Officials.

CHAPTER 1. GENERAL PROVISIONS

Article 1. The Fundamental Definitions Used in This Law

The following definitions are used in this Law:
1) shareholder –a person who owns shares;
2) share –a security issued by a joint-stock company, which certifies the rights to participate in control of the joint-stock company, to receive dividends on it and part of the company's assets in the case of its liquidation, as well as other rights provided for by this Law and other legislative acts of the Republic of Kazakhstan;
3) affiliated persons (physical persons or legal entities (except for state bodies exercising supervisory and monitoring functions within the bounds of authority granted to them) that have the

possibility directly and (or) indirectly determine decisions and (or) exert influence upon decisions taken by one another (by one of the persons), in particular by virtue of a transaction concluded. The list of affiliated persons of a company shall be established by Article 64 of this Law;
4) voting shares (outstanding ordinary shares as well as preference shares, on which the voting rights are granted in the cases provided for by this Law. Shares purchased by the company as well as shares which are in nominee holding and held by an owner on whom information is not available in the accounting system of the central depository, shall not be recognised as voting shares;
5) dividend –income of a shareholder on the shares he holds, which is paid by the joint-stock company;
6) official person –board member of a joint-stock company, member of its executive body or a person who exercises the functions of the executive body of the joint-stock company at his sole discretion;
6-1) company's code of corporate management (a document which is approved by the general meeting of the company's shareholders, which regulates the relations emerging in the course of managing a company, in particular the relations between shareholders and company's authorities, between company's authorities, between the company and interested parties;
6-2) corporate web-site –an official electronic site in the Internet, which is owned by the company and meets requirements established by the authorised body. The availability of a corporate web-site shall be obligatory for public companies;
6-3) corporate secretary –an employee of the joint-stock company, who is not a member of the council of directors or of the executive body of the company, who is appointed by the council of directors of the company and who reports to the council of directors of the company, as well as who supervises within the framework of his activities preparation and conducting of meetings of shareholders and of council of directors of the company, ensures formation of materials by items of the agenda of the general meeting of shareholders and materials for the meeting of the council of directors of the company, performs control over ensuring of access to them. The competence and activities of the corporate secretary shall be determined by the inside documents of the company;
7) qualified majority –majority in number of not less than three quarters of the total number of voting shares of a joint-stock company;
8) convertible securities –securities of a joint-stock company which is may be converted into its securities of another type on the terms and in accordance with the procedure defined by the issue prospectus;
9) controlling block of shares –a block of shares which provides the right to control decisions adopted by the joint-stock company;
10) major shareholder – a shareholder or several shareholders acting on the basis of an agreement between themselves, who (who in aggregate) hold ten and more percent of voting shares in a joint-stock company;
11) commulative vote –a method of voting whereby each share participating in the vote has the number of votes equal to the number of the company's bodies members to be elected;
11-1) minority investor –an investor which holds less than ten per cent of voting shares in the joint-stock company;
12) independent director –board member who is not an affiliated person of a given joint-stock company and had not been so for three years preceding his election to the board of directors (except for the case of his being in office of the independent director of a given joint-stock company), is not an affiliated person with regard to affiliated persons of a given joint-stock company; is not subordinated to Officials of a given joint-stock company or organisations which are affiliated persons of a given jointstock
company; who is not a government employee; is not an auditor of a given joint-stock company and had not been so for three year preceding his election to the board of directors; does not participate in auditing of a given joint-stock company as an auditor employed by an auditing organisation, and had not participated in such auditing for three years prior to his election to the board of directors;
13) nominal value of a share (price at which shares are allocated among foundation parties (paid by a sole foundation party), which is uniform for all ordinary and preference shares and determined in the foundation agreement (decision of a sole foundation party) of a given joint-stock company;
14) announced shares –shares of which the issue was registered by the authorised body in accordance with the legislation of the Republic of Kazakhstan concerning securities market;
15) [repealed by 3]

16) [repealed by 3]
17) financial agent –bank or organisation which carries on certain types of banking operations;
18) outstanding shares –shares of a joint-stock company paid on by the foundation parties and by investors in the primary securities market;
19) company's registrar –organisation which carries on the professional activity associated with the maintenance of the system of registers of company's securities' hareholders;
20) authorised body –state authority which exercises regulation and supervision of the securities market;
21) placement price –price of shares as determined in the course of their placement in the primary securities market.

Article 2. The Legislation of the Republic of Kazakhstan Concerning Joint-Stock Companies

1. The legislation of the Republic of Kazakhstan concerning joint-stock companies shall be based upon the Constitution of the Republic of Kazakhstan and it shall consist of the Civil Code, this Law and other regulatory legal acts of the Republic of Kazakhstan.
2. The provisions of this Law shall apply subject to special considerations set forth by legislative acts of the Republic of Kazakhstan.
3. Where an international treaty ratified by the Republic of Kazakhstan establishes other rules than those contained in this Law, the rules of the international treaty shall apply.

Article 3. A Joint-Stock Company

1. A joint-stock company (henceforth –company) shall be understood as a legal entity which issues shares for the purpose of raising funds for the performance of its activity.
A company shall have capital, separate from the capital of its shareholders, and it shall not be liable for their obligations.
A company shall be liable for its obligations within the amount of its capital.
2. Company's shareholder shall not be liable for the company's obligations and they shall not bear the risk of losses associated with the company's business, within the value of the shares he holds, except for the cases specified by legislative acts of the Republic of Kazakhstan.
3. In the cases provided for by the legislation of the Republic of Kazakhstan, non-profit organisations may be created in the organisational legal form of a joint-stock company.
4. A company (except for a non-profit organisation created in the organisational legal form of a joint-stock company) shall have the right to issue debentures and other types of securities.
5. Legislative acts of the Republic of Kazakhstan may establish the obligatory organisational legal form of joint-stock companies for organisations which engage in certain types of activities.
6. A company shall have its business name which must include reference to the organisational legal form of a ‘‘joint-stock company’’ and its name. It shall be allowed to have a brief business name with the ‘‘JSC’’ in front of the company's name.
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Article 4. (Repealed by 3)

Article 4-1. A Public Company

1. The company, which meets the following criteria, shall be recognised as a public company:
1) the company must effect a placement of its ordinary shares in the non-organised and (or) organised securities markets having offered said shares to the unlimited circle of investors;
2) not less than thirty per cent of the total quantity of placed ordinary shares in the company must be held by shareholders, each of which holds not less than five per cent of ordinary shares in the company of the total quantity of placed ordinary shares in the company;
3) the volume of tendering in ordinary shares in the company must meet requirements established by the regulatory legal act of the authorised body;
4) shares in the company must be in a category of the list of a stock exchange functioning in the territory of the Republic of Kazakhstan, for entering and being within which the inside documents of the stock exchange establish special (listing) requirements to securities and their issuers, or they must be enlisted at the special trading floor of the regional financial centre of the city of Almaty.
2. The statutes of the public company must stipulate the availability of:
1) a corporate management code;
2) a corporate secretary position;
3) a corporate web-site;
4) a ‘‘golden share’’ prohibition.
3. The recognition of the company as a public company or recall of the public company status

from it shall be made by the authorised body in accordance with the procedure established by it on the basis of the company's petition.
4. The company shall lose its public company status in the cases as follows:
1) the non-compliance within three sequential months with the requirements of subparagraphs 2) and (or) 3) of paragraph 1 of this Article;
2) the non-compliance with subparagraph 4) of paragraph 1 of this Article.
CHAPTER 2. FORMATION OF A COMPANY
Article 5. Foundation Parties of a Company
1. Physical persons and (or) legal entities, which have taken the decision to form a company, shall be recognised as its foundation parties.
2. State authorities of the Republic of Kazakhstan and state institutions may not act as foundation parties or shareholders of a company, except for the Government of the Republic of Kazakhstan, local executive bodies as well as the National Bank of the Republic of Kazakhstan, in accordance with legislative acts of the Republic of Kazakhstan.
A state-owned enterprise shall have the right to act as a foundation party of a company and to buy its shares only with the consent of the state authority which exercises the function of the owner and state authority function in respect of that enterprise.
3. A company may be founded by a sole person.
4. The foundation parties of a company shall bear joint liability with regard to payment of costs associated with the company's formation and those incurred prior to its state registration. A company shall compensate to its foundation parties for said costs only in the case of subsequent approval of such reimbursement by the general meeting of company's shareholders.
Article 6. The Foundation Meeting. Sole Founder
1. A company shall be founded pursuant to the decision of the meeting of its foundation parties (foundation meeting). Where a company is founded by one foundation party, the decision to establish a company shall be taken by such person at his sole discretion.
A company may be formed by way of reorganising an existing legal entity in accordance with the procedure established by this Law and other legislative acts of the Republic of Kazakhstan.
2. At their first foundation meeting the foundation parties shall:
1) take a decision on foundation of a company and define the procedure for joint activities with regard to the formation of the company;
2) conclude a foundation agreement;
3) establish amount of prepayment for the shares by the foundation parties;
4) establish the number of the announced shares, including shares to be paid on by the foundation parties;
4-1) establish requirements to and the procedure for conversion of securities of the company to be exchanged to shares in the company;
4-2) approve a technique for determination of the value of shares where they are redeemed by the company in accordance with this Law;
5) take a decision on state registration of the shares announced to be issued;
6) elect the registrar of the company;
7) elect persons authorised to sign on behalf of the company documents for the state registration;
8) appoint persons who in accordance with the legislation of the Republic of Kazakhstan will carry out the valuation of the assets contributed as payment on authorised capital by the foundation parties of the company;
9) elect persons authorised to carry out financial and operational activities of the company and represent its interests before third parties until governing bodies of the company are formed;
10) approve the company's charter.
3. Prior to the allotment of shares it shall be allowed to hold several consecutive meetings of foundation parties. In that respect, the introduction of amendments and additions to the decisions taken at the first foundation meeting shall be allowed when all the parties to the foundation agreement are present in the foundation meetings.
4. At the first foundation meeting of a company, each foundation party shall have one vote. At subsequent foundation meetings, each foundation party shall have one vote, unless it is otherwise established by the foundation agreement.
5. Decisions of the foundation meeting (sole founder) shall be formulated as minutes to be signed by all the foundation parties (sole founder) of the company.

Article 7. Foundation Agreement. Decision of a Sole Founder
1. The foundation agreement (decision of a sole founder) shall contain the following:
1) information on the foundation parties (sole founder) of the company, in particular:
with regard to an individual, name, nationality, place of residence and details of the identification document;
with regard to a legal entity, its business name, address, details of state registration;
2) provision on the formation of a company, full and brief business name of the company, as well as the procedure for its formation;
3) amount of prepayment for shares by the foundation parties as well as timing and procedure for the payment;
4) number, types and nominal values of announced shares of the company, which will be allocated to its foundation parties (acquired by the sole founder) after the state registration of the shares issue;
5) the rights and obligations of its foundation parties and distribution of the costs associated with the company's formation, as well as other provisions concerning the foundation parties' activities associated with the company's formation;
6) description of authority of the persons to whom it is entrusted to represent the interests of the company in the course of its formation and state registration;
7) the procedure for convening and conducting of subsequent meetings of the company's foundation parties, as well as the number of votes of each foundation party of the company at subsequent foundation meetings;
8) entry on approval of the company's charter;
9) other provisions which are included in the foundation agreement (decision of a sole founder); pursuant to the decision of the foundation parties;
in accordance with the legislative acts of the Republic of Kazakhstan.
2. During the effective period of the foundation agreement (decision of the sole founder) its signatories (sole founder) shall have the right to introduce to it amounts and additions, provided the requirements established by paragraph 3 of Article 6 of this Law are observed.
3. Information presented in the foundation agreement (decision of the sole founder) shall be recognised as a commercial secret, unless it is otherwise specified in the agreement (decision of the sole founder). The foundation agreement (decision of the sole founder) shall be subject to submission to state authorities as well as third parties only pursuant to the company's decision or in the cases specified by legislative acts of the Republic of Kazakhstan.
4. Validity of the foundation agreement (decision of the sole founder) shall be terminated from the date of the state registration of the announced shares issue.
Article 8. The Procedure for the Conclusion of the Foundation Agreement (Formulation of Decision of a Sole Founder)
1. The foundation agreement shall be concluded in writing by way of each foundation party or its representative signing the agreement.
A decision of the sole founder shall be formulated in writing and signed by the foundation party or its representative.
A foundation agreement (decision of a sole founder) shall be subject to notarisation.
2. Representatives of foundation parties (sole founder) must have appropriate authority certified in accordance with the legislation of the Republic of Kazakhstan, providing for the right to form a company, including the right to participate in the meeting of the foundation parties and signing of the foundation agreement.
Article 9. The Company's Charter
1. A company's charter shall be recognised as a document which defines the legal status of the company as a legal entity. The charter of a company must be signed by the foundation parties (sole foundation party) or by their representatives (representative), except for a new edition of a charter (introduction of amendments and additions thereto) of a functioning joint-stock company, which is to be signed by a person authorised by the general meeting of shareholders. A company charter as well as all amendments and additions thereto shall be subject to notarisation.
2. A company's charter must contain the following provisions:
1) full and brief business name of the company;
2) address of the company's executive body;
3) information on shareholders’ rights including the scope of the rights certified with the

preference shares of the company;
4) [repealed by 3]
5) procedure for the formation and jurisdiction of company's governing bodies;
6) procedure for the organisation of company's governing bodies functioning, in particular:
procedure for convening, preparation and conducting of the general meeting of shareholders and sessions of the collective bodies of the company;
procedure for the adoption of decisions by the company's authorities, in particular the list of issues on which decisions must be adopted by a qualified majority of votes;
7) procedure for disclosure of information on company's business to its shareholders by specifying the mass media to be used for publication of information on company's activities;
7-1) the procedure for the disclosure by shareholders and Officials of the company of information on their affiliated persons;
8) where a company is a non-commercial organisation, the mention that the company is a nonprofit organisation, by-laws on the procedure for voting, non-payment of dividends and other requirements established by this Law and other legislative acts of the Republic of Kazakhstan;
9) provisions on termination of company's activities;
10) other provisions in accordance with this Law and other legislative acts of the Republic of Kazakhstan.
3. Any interested persons shall have the right to peruse the company's charter. Pursuant to the requisition of an interested party the company shall be obliged to provide him with an opportunity to peruse the company's charter, including subsequent amendments and additions to it. Within three working days the company shall be obliged to execute the requisition of a shareholder to provide him with a copy charter of the company. The company shall have the right to collect a fee for providing a copy charter to a shareholder, which must not exceed the cost of making a copy and where it is required to deliver it, the cost of such delivery.
4. A company shall have the right to exercise its activities on the basis of a model charter of a company as approved by the Government of the Republic of Kazakhstan.
5. The mass media that may be used for the publication of information on company's activities and requirements to them shall be established by a regulatory legal act of the authorised body.
CHAPTER 3. THE AUTHORISED CAPITAL OF A COMPANY
Article 10. The Minimum Size of the Authorised Capital of a Company
The minimum size of the authorised capital of a company shall be 50 000 times the size of the monthly assessment index as established by the law of the Republic of Kazakhstan concerning the Republic's Budget for the relevant financial year.
Requirements with regard to the minimum size of the authorised capital of a company as established by the first part of this Article shall not apply to the a company which carries on the business as an investment privations fund.
Article 11. The Authorised Capital of a Company
1. The authorised capital of a company shall be formed by way of payment on shares by foundation parties (sole foundation party) in accordance with their nominal value and by investors at the price of allocation to be determined in accordance with the requirements established by this Law and it shall be measured in the national currency of the Republic of Kazakhstan.
The authorised capital of a company formed as a result of Restructuring shall be formed in accordance with the requirements established by this Law.
2. Amount of prepayment on shares to be contributed by foundation parties must be not less than the minimum size of the authorised capital of the company and fully paid by the foundation parties within thirty days from the date of the state registration of the company as a legal entity.
3. Increase of the authorized capital of a company shall be carried out by means of allocating announced shares of the company.
CHAPTER 4. SHARES AND OTHER CORPORATE SECURITIES
Article 12. General Provisions on Corporate Securities
1. A company shall have the right to issue ordinary shares or ordinary and preference shares. Shares shall be issued in a non-documentary form.
2. Non-profit organisations established in an organisational legal form of a joint-stock company shall not have the right to issue preference shares.
3. Shares shall be indivisible. Where a share is held by several persons on the right of jointownership, they all shall be recognised as a sole shareholder and they shall exercise the rights certified by

the share through their common representative.
4. Shares of a certain class, shall provide each holder with the rights equal to the rights of other holders of that class, unless it is otherwise specified by this Law.
5. Legislative acts of the Republic of Kazakhstan may establish restrictions with regard to the following:
1) commission of transactions in company's shares;
2) maximum number of company shares to be held by one shareholder;
3) maximum number of votes on company's shares that one shareholder may have;
6. A company shall have the right to issue other securities for which the terms and procedure of issue, placement, circulation and redemption shall be established by the legislation of the Republic of Kazakhstan concerning securities market.
Article 13. Types of Shares
1. An ordinary share shall provide its holder with the right to participate in the general meeting of shareholders with the right to vote in deciding any issues that are put on the vote, the right to receive dividends when the company has net income, as well as part of company's capital in the case of its liquidation, in accordance with the procedure established by the legislation of the Republic of Kazakhstan.
2. Holders of preference shares shall have the preference right before the ordinary shareholders, to receive dividends in a previously guaranteed fixed amount as established by the company's charter and to part of the capital in the case of the company's liquidation in accordance with the procedure established by this Law.
The number of preference shares of a company must not exceed twenty-five percent of the total number of its announced shares.
3. A preference share does not provide its holder with the right to participate in the management of the company, except for the cases set forth by paragraph 4 of this Article.
4. A preference share shall provide its holder with the right to participate in the management of the company, when:
1) the general meeting of company's shareholders is considering an issue a decision on which may restrict the rights of the holder of preference shares. A decision on such issues shall be deemed to be adopted only on the condition that not less than two-thirds of the total number of the outstanding (except for the purchased) preference shares voted for such restriction;
2) the general meeting of company's shareholders is considering the issue of Restructuring or liquidation of the company:
3) the dividend on preference shares not paid in full for three months from the date of expiry of the period established for its payment.
5. The foundation meeting (decision of the sole founder) or general meeting of shareholders may introduce one ‘‘golden share’’ which does not participate in the formation of the authorised capital and receipt of dividends. The holder of a ‘‘golden share’’ shall have the right to veto decisions of the general meeting of shareholders, board of directors and executive body on issues defined by the company's charter. The right of imposition of veto certified with the ‘‘golden share’’ shall not be subject to transfer.
Article 14. The Rights of Company's Shareholders
1. A company shareholder shall have the following rights:
1) to participate in the management of the company in accordance with the procedure established by this Law and the company's charter;
2) to receive dividends;
3) to receive information on company's business, in particular to peruse financial statements of the company in accordance with the procedure defined by the general meeting of shareholders or company's charter;
4) to receive extracts from the registrar of the company or nominee holder confirming his right of ownership of securities;
5) to propose to the general meeting of shareholders candidate board members of the company to be elected;
6) to challenge decisions adopted by the company through the judicial procedure;
7) to petition to the company with a written request on its activity and to receive motivated responses within thirty days from the date of receipt of such request by the company;
8) to a part of the company's capital in the case of its liquidation;
9) preemption purchase of shares or other securities of the company, which are convertible into

its shares, in accordance with the procedure established by this Law, except for cases stipulated by legislative acts.
2. A major shareholder shall also have the following rights:
1) to demand convention of an extraordinary general meeting of shareholders, or to petition to the court with a lawsuit to convent it in the event that the board of directors denies convening of the general meeting of shareholders;
2) to propose to the board of directors additionally to include issues into the agenda of the general meeting of shareholders in accordance with this Law;
3) to requisition convention of the board meeting;
4) at his expense, to requisition the performance of an audit by an organisation of auditors.
3. It shall not be allowed to restrict shareholders' rights established by paragraphs 1 and 2 of this Article.
The company's charter may specify other rights of shareholders.
Article 15. The Obligations of Company's Shareholders
1. A company shareholder shall be obliged as follows:
1) to pay on shares;
2) within ten days to notify the registrar of the company and the nominee holder of the shares owned by a given shareholder, of changes in the information which is required for the maintenance of the system of registers of the company's shareholders;
3) not to divulge information concerning the company and its business, which constitutes a service secret, commercial or any other secret protected by the law;
4) to perform other duties in accordance with this Law and other legislative acts of the Republic of Kazakhstan.
2. The company and its registrar of the company shall not be responsible for the consequences of non-compliance by shareholders with the requirements established by subparagraph 2) of paragraph 1 of this Article.
Article 16. The Right of Preemptive Purchase of Company's Securities
1. A company that intends to allocate announced shares or other securities convertible into ordinary shares, and also sell said securities that were previously purchased back, shall be obliged within ten days from the date of taking a decision on that to invite its shareholders by way of a written notice or publication in mass media to purchase securities on equal terms in proportion to the number of the shares they hold at the price of the allocation (sale) as established by the body of the company that adopted the decision on the allocation (sale) of securities. A shareholder within thirty days from the date of notice on allocation (sale) by the company of shares shall have the right to file an application for the purchase of shares or other securities convertible into company's shares in accordance with the preemption rights. In that respect a shareholder holding ordinary shares of a company shall have the preemption right to purchase ordinary shares or other securities convertible into ordinary shares of the company, and a shareholder holding preference shares of the company shall have the preemption right to purchase preference shares of the company.
2. The procedure for the company's shareholders right to exercise the preemptive purchase of securities shall be established by the authorised body.
Article 17. (Repealed by 3)
Article 18. Allocation of Company's Shares
1. A company shall have the right to allocate its shares after the state registration of their issue by way of one or several allocations within an announced number of shares.
A decision on allocation of the company's shares within the number of its announced shares shall be adopted by the board of directors of the company, except for the case where the company's charter refers that matter to the authority of the general meeting of shareholders.
Allocation of shares shall be carried out by way of underwriting or an auction to be held in an over-the-counter securities market or a subscription or auction to be conducted in the organised securities market.
1-1. Where the shareholder alienates a share or another security convertible to ordinary shares in the company within thirty days given to him to submit a request for purchase of a share or another security convertible to ordinary shares in the company in accordance with the preferential purchase right, the said right shall be transferred to the new holder of the share or other security convertible to ordinary shares in the company in case if the former holder has not presented such a request.
2. Shares, which are placed by the company via subscription, shall be sold at the same price for

all the persons, which purchase shares, within this placement, except for shareholders, which purchase shares in accordance with the preferential purchase right.
Shareholders shall purchase shares in accordance with the preferential purchase right at the standard placement price as established by the company's body passed the decision concerning the placement.
3. The placement price of shares as established for the said placement by the company's body passed the decision concerning placement of shares shall be the least price at which said shares may be sold.
4. In the case of adoption by the company's body authorised to take a decision on allocation of announced shares, of a decision to increase the number of shares to be allocated and (or) to decrease allocation price, that allocation shall be carried out subject to provisions of paragraph 1 of Article 16 of this Law.
Article 19. The System of Registers of Company's Shareholders
1. The maintenance of the system of registers of company's shareholders may be carried out only by the company's registrar, who must not be an affiliated person of the company or of its affiliated persons.
2. The procedure for the maintenance of the system of registers of company's shareholders as well as disclosure of information relating to it to the authorised body shall be governed by the legislation of the Republic of Kazakhstan concerning securities market.
3. A company shall be obliged to conclude an agreement with the company's registrar for rendering of services associated with the maintenance of the system of registers of the company's shareholders prior to the submission to the authorised body of the documents for purposes of state registration of the company's shares issue.
4. A company shall have no right to order the inclusion of a given share into the personal account of its buyer in the system of registers of the company's shareholders (accounting system of a nominee holder), until the share to be placed is fully paid.
Article 20. The Report on Results of Placement of Company's Shares
1. A company shall be obliged to lay before the authorised body the reports on results of placement of its shares based on the results of each six months (within one month upon expiry of a reporting half year), until all the announced shares are placed, or after the completion of their full placement.
2. The contents and procedure for the submission of a report upon results of shares placement as well as the procedure for consideration and approval of a given report shall be established by the authorised body.
Article 21. Payment of the Company's Placed Shares
1. Funds, property rights (including rights to intellectual property) and other assets, except for the cases specified in this Law and other legislative acts of the Republic of Kazakhstan, may be contributed as payment for company's shares to be placed.
Considerations other than cash shall be at a price to be determined by an appraiser acting on the basis of a licence issued in accordance with the legislation of the Republic of Kazakhstan.
2. Where shares to be placed are paid with the right to use property, the valuation of such right shall be on the basis of payments for the use of that property for the entire period of its use by the company. Withdrawal of such property prior to expiry of said period, without the general meeting of shareholders consent shall be prohibited.
3. It shall not be allowed for a company to purchase its announced shares if they are placed in the primary securities market.
Article 22. Dividends on Company's Shares
1. Dividends on company's shares shall be paid in cash or securities on the condition that a decision on payment of dividends was adopted by the general meeting shareholders by a simple majority of voting shares of the company, except for dividends on preference shares.
It shall not be allowed to pay dividends on privileged shares in the company by securities.
Payment of dividends on company's shares with its securities shall be allowed only on the condition that such payment is carried out with announced shares of the company and debentures issued by it, provided the shareholder expressed his consent in writing.
The list of shareholders who have the right to receive dividends must be compiled as of the date preceding the date of commencement of paying dividends.
Alienation of shares with unpaid dividends shall be performed with the right to receive them by

the new holder of the share, unless it is stipulated otherwise by the share alienation agreement.
2. Periods for the payment of dividends on company's shares shall be governed by the company's charter and (or) prospectus of share issue.
3. Payment of dividends on company's shares may be carried out through a financial agent. Payment for services of a financial agent shall be at the expense of the company.
4. Dividends shall not be assessed and shall not be paid on shares which were not allocated or were purchased by the company itself and also where the court of general meeting of the company's shareholders took a decision on its liquidation.
5. It shall not be allowed to accrue dividends on ordinary and preference shares of a company in the following cases:
1) where the equity capital is negative, or where the value of the equity capital would become negative as a result of accrual of dividends on its shares;
2) where the company falls under the definition of insolvency or illiquidity in accordance with the legislation of the Republic of Kazakhstan concerning bankruptcy, or such signs will be acquired by the company as a result of accrual of dividends on its shares;
6. A shareholder shall be entitled to require payment of arrears dividends irrespective of the time when the arrears of the company formed.
In the case of non-payment of dividends within the period established for their payment, the principal amount of dividends and the penalty which is assessed on the basis of the official rate of refinancing of the National Bank of the Republic of Kazakhstan shall be paid to the shareholder as of the day of execution of the financial obligation, or appropriate part thereof.
7. Non-profit organisations established in the organisational legal form of a joint-stock company shall not assess and pay dividends on their shares.

Article 23. Dividends on Ordinary Shares

1. Payment of dividends on ordinary shares in the company according to results of the quarter or half-year shall be performed only under the decision of the general meeting of shareholders in the event that such a payment is stipulated by the statutes of the company. The decision of the general meeting concerning payment of dividends on ordinary shares according to results of the quarter or half-year shall indicate the dividend amount per one ordinary share.
A decision to pay dividends on ordinary shares upon year results shall be adopted by the annual general meeting of shareholders.
The general meeting of shareholders of a company shall have the right to take a decision upon non-payment of dividends on ordinary shares of the company with its obligatory publication in mass communication media within ten working days from the date of adoption of a decision.
2. A decision to pay dividends on ordinary shares of the company must be published in mass communication media within ten working days from the date of adoption of such decision. In this case public companies must publish the said decision in its corporate web-site as well.
3. A decision to pay dividends on ordinary shares of the company must provide the following information:
1) business name, address, bank details and other details of the company;
2) period for which the dividends are paid;
3) amount of dividend per one ordinary share;
4) date of beginning payment of dividends;
5) procedure and method of payment of dividends.

Article 24. Dividends on Preference Shares

1. Payment of dividends on preference shares of a company shall not require a decision of the governing body of the company, except for the cases specified in paragraph 5 of Article 22 of this Law.
Timing for payment of dividends and amount of dividend per one preference share shall be set forth in the company's charter. Amount of dividends which are assessed on preference shares may not be less than the size of the dividends assessed upon ordinary shares for the same period.
Payment of dividends on company's ordinary shares shall not be carried out until the dividend on its preference shares is paid in full.
2. A guaranteed amount of dividends on preference shares may be established as a fixed amount, or indexed against a certain parameter on the condition of regularity and availability of its value.
3. Five working days prior to the date of payment of dividends on preference shares, the company shall be obliged to publish in mass communication media information on payment of dividends and state the information listed in subparagraphs 1), 2), 4), 5) of paragraph 3 of Article 23 of this Law, as

well as amount of dividend per one company's preference share.

Article 25. Commission of Transactions in Company's Shares

1. A person, independently or in conjunction with its affiliate persons, intending to purchase in the secondary securities market thirty and more percent of its voting shares, shall be obliged to deliver appropriate notice to the company and authorised body in accordance with the procedure established by it. A notice must contain information on the number of shares purchased, intended purchase price and other information as set forth by the regulatory legal acts of the authorised body.

2. The company shall not have the right to impede sales of shares by its shareholders. The company shall have the right to make an offer to a person who wishes to sell company's shares, to purchase them by itself or by third parties at a price exceeding the proposed price. An offer to purchase must contain information on the number of shares, price and details of the buyers where shares are purchased by third parties.

3. A person who independently or in conjunction with its affiliated persons purchased in the secondary securities market thirty and more per cent of the company's voting shares, within thirty days from the date of the purchase shall be obliged to publish in mass communication media the proposal to other shareholders to sell the company's shares they hold. In this case an offer to shareholders of the public company must be published in the corporate web-site. A shareholder shall have the right to accept the offer and sell the shares he holds within not more than thirty days from the date of publication of offer to sell them.

A proposal to shareholders to sell the shares they hold must contain information on the person and his affiliated persons who purchased thirty and more percent of the company's voting shares, including the names (business names), places of residence (addresses), numbers of shares held, and on the recommended price for the purchase of shares, to be determined in accordance with paragraph 2 of Article 69 of this Law.

In the case of receiving the written consent of the shareholder to sell the shares he holds, the person who published the proposal to purchase, shall be obliged to pay for the shares within thirty days. In case of failure to comply with the procedure for purchase of shares as specified by this paragraph, the person (persons) who holds (hold) thirty and more percent of the company's voting shares, shall be obliged (obliged) to carry out alienation of a number of shares to unaffiliated persons, in excess of twenty-nine per cent of the company's voting shares.

4. A company's shareholder who filed an application in response to the proposal to sell his shares, shall have the right to challenge the refusal of a person who published such proposal to purchase shares, through the court procedure.

Article 26. The Purchase of Oustanding Shares Upon the Company's Initiative

1. Purchase of outstanding shares may be carried out with the consent of the shareholder upon the company's initiative in accordance with the technique for determining the price of shares when they are issued by the company to be approved in accordance with the procedure established by this Law for the purpose of their subsequent sale or for other purposes which do not contradict the legislation of the Republic of Kazakhstan and the company's charter.

2. Purchase by a company of its outstanding shares upon the initiative of the company shall be carried out on the basis of the board of directors decision, unless it is otherwise specified by this Law and (or) company's charter.

3. The company shall not have the right to purchase its outstanding shares:

1) prior to the conducting of the first general meeting of shareholders;

2) prior to the approval of the report on results of placement of shares;

3) where as a result of the purchase of shares the size of the company's own capital will be less than the minimum authorised capital established by this Law;

4) where at the time of the purchase of shares the company satisfies the definition of insolvency or illiquidity in accordance with the legislation of the Republic of Kazakhstan concerning bankruptcy or it acquires such symptoms as a result of purchase of all shares claimed or offered for sale;

5) where the court or general meeting of the company's shareholders takes a decision for its liquidation.

4. Where the number of the company's outstanding shares to be purchased upon the initiative of the company exceeds one percent of their total number prior to the conclusion of a shares purchase and sale transaction (transactions), it shall be obliged to announce such purchase to its shareholders.

The announcement by the company of its purchase of outstanding shares must contain information on the types, number of the shares to be purchased by it, price, period and conditions of its

purchase and must be published in mass communication media.
5. Where the number of outstanding shares of a company, claimed by its shareholders to be purchased is in excess of the number of shares which is announced by the company to be purchased, those shares shall be purchased from shareholders in proportion to the number of shares they hold.
Article 28. Restrictions With Regard to the Purchase by the Company of Its Outstanding Shares
1. The number of the outstanding shares to be purchased by the company must not exceed twenty-five percent of the total number of its outstanding shares and the costs associated with the purchase of placed shares of a company must not exceed ten percent of the size of its equity capital:
1) when purchasing placed shares pursuant to a shareholder claim, as of the date of adoption of one of the decisions by the general meeting of shareholders as indicated in paragraph 1 of Article 27 of this Law;
2) when purchasing placed shares upon the initiative of the company as of the date of adoption of the decision to purchase company's placed shares.
2. The shares which have been purchased by the company shall not be taken into account when establishing the quorum of the general meeting of its shareholders and shall not participate in the voting at it.
Article 29. (Repealed by 3)
Article 30. Convertible Securities of a Company
1. A company shall have the right to issue convertible securities only in the case where the possibility of such issue is set forth by its charter.
Non-profit organisations created in the organisational legal form of a joint-stock company shall not have the right to issue convertible securities.
2. Issuing of company securities to be convertible into shares, shall be allowed within the difference between the announced and placed shares of the company.
3. The terms and procedure for the conversion of company securities shall be determined in the prospectus of the convertible securities issue.
Article 31. Mortgage of Company's Securities
1. The right to mortgage company's securities may not be restricted or excluded by provisions of the company's charter.
A shareholder shall have the right of vote and to receive dividends on his mortgaged share, unless it is set forth by the terms of the mortgage.
2. A company may accept the mortgage of its outstanding securities only where:
1) so mortgaged securities are fully paid;
2) total number of shares to be mortgaged to the company and mortgaged to the company is not more than twenty-five percent of the company's placed shares, except for the shares purchased by the company.
3) a given mortgage agreement is approved by the board of directors, unless it is otherwise specified by the company's charter.
3. The right of vote on the shares placed by the company and mortgaged to it, shall rest with the shareholder, unless it is otherwise established by the terms of the mortgage. The company shall not have the right to vote on its shares which are mortgaged to it.
4. The procedure for registration of mortgages of company's securities shall be determined in accordance with by the legislation of the Republic of Kazakhstan concerning securities.
Article 32. The Repayment of Tax Arrears of a Company with the Participation of the Government in the Authorised Capital, at the Expense of the Announced Shares of the Company
1. Where the tax arrears of a company with the participation of the Government in the authorised capital are overdue by more than three months (henceforth, overdue arrears), the state body of the Republic of Kazakhstan which exercises the tax supervision of compliance with tax obligations to the state (henceforth, state body) shall have the right for the purpose of repayment of overdue arrears of the company:
1) to take a decision on restriction of disposal of the company's announced shares in accordance with the tax legislation of the Republic of Kazakhstan;
2) in the case where there are no announced shares of the company or their number is insufficient for repayment of the company's overdue arrears, petition to the court with a lawsuit for repayment of the company's overdue arrears by way of enforced issue of announced shares of the company with their subsequent placement.
2. Placement of company's announced shares the disposal of which has been restricted and of the

announced shares of an enforced issue, shall be carried out in accordance with the procedure established by the tax legislation of the Republic of Kazakhstan for sales of restrained property.
In the event that a company carries on business in industries which are of strategic significance for the economy of the Republic, the state authority, pursuant to the decision of the Government of the Republic of Kazakhstan, shall have the right to place the company's announced shares of which the disposal is restricted and the announced shares of the enforced issue by way of their compelling seizure into the ownership of the state toward the repayment of the company's overdue arrears.
3. Seizure into the ownership of the state of company's announced shares restricted in disposal and of announced shares of an enforced issue, shall be carried out by way of registration of the right of their state ownership in the system of registers of the company's shareholders. The right of state ownership shall be registered with the state body authorised by the Government of the Republic of Kazakhstan to manage the Republic's state-owned property.
4. The state registration of an enforced issue of announced shares pursuant to the court decision shall be carried out in accordance with the procedure and on the terms specified by the legislation of the Republic of Kazakhstan.
5. It shall be prohibited to use funds receivable from the placement of company's announced shares with restricted disposal and announced shares of an enforced issue, for purposes other than the repayment of the company's overdue arrears.
Where the amount of proceeds from the placement of company's announced shares with restricted disposal and of announced shares of an enforced issue, exceed the amount of the overdue arrears, then the difference shall be recognised as company's income.
6. The price of placement and number of shares required for the repayment of company's overdue arrears shall be determined by the state authority in coordination with the company. Upon the initiative of the state body the price of a placement of shares may also be determined by an appraiser in accordance with the legislation of the Republic of Kazakhstan.
Where the price of a placement of shares is determined by an appraiser, the costs associated with such valuation shall be born by the company.
7. Overdue arrears of a company shall be deemed to be repaid in accordance with the legislation of the Republic of Kazakhstan where the overdue arrears are repaid at the expense of the funds received from the allotment of the company's announced shares with restricted disposal and announced shares of an enforced issue, or from the time of registration of the right of ownership of the sate with regard to the company's announced shares restricted in disposal and announced shares of an enforced issue in the system of registers of the company's shareholders.

CHAPTER 5. MANAGEMENT OF A COMPANY

Article 33. Governing Bodies of a Company

1. The following shall be recognised as the governing bodies of companies:
1) supreme governing body –the general meeting of shareholders (in a company where all voting shares are held by one shareholder, that shareholder);
2) managing body –board of directors;
3) executive body –a collective body or a person who exercises the functions of an executive body at his sole discretion, of which the name is defined by the company's charter.
4) other governing bodies in accordance with this Law, other regulatory legal acts of the Republic of Kazakhstan and the company's charter.
2. [repealed by 3]
3. An individual who previously was a state servant and due to his service functions had the authority with regard to supervision and monitoring of activities of a company from the side of the state, may not be elected to governing bodies of such company within one year from the date of termination of such powers, except for the governing body of a company of which all voting shares are held by the state.

Article 34. Special Considerations in Managing a Company with the Participation of the State in the Authorised Capital

1. The rights of ownership and use of the state-owned block of shares which is in the Republic's ownership may be transferred by the state body authorised to manage the state property, to another stateowned
body pursuant to the decision of the Government or the National Bank of the Republic of Kazakhstan.
2. The rights of ownership and use of the state-owned block of shares which is in communal ownership may be transferred by a decision of the local executive body to another state authority.

3. The state authority which exercises the rights of ownership and use of the state-owned block of shares shall represent the interests of the state as a shareholder in the issues included in the scope of the general meeting of shareholders in accordance with the legislation of the Republic of Kazakhstan.
The Government of the Republic of Kazakhstan shall establish the list of issues on which the state bodies which exercise the ownership and use of state-owned blocks of shares, shall be obliged to provide a preliminary written approval of draft decisions proposed for adoption at general meetings of shareholders with the participation of the state, with the Government of the Republic of Kazakhstan and (or) state body authorised to manage the state property.
4. The board of directors of a company of which the controlling block of shares is owned by the state or the national managing company, except for national companies, pursuant to the proposal of the executive body shall approve middle term plans for financial and operational activities of the company.
Plans of financial and operational activities of companies with the participation of the state in the authorised capital shall be represented by the state authority in accordance with the procedure and within the periods which are established by the legislation of the Republic of Kazakhstan. Plans for development of national companies shall be approved by the Government of the Republic of Kazakhstan, the shareholder of which is the state.
Development plans of national companies, the shareholder of which is the national holding, shall be approved by councils of directors of said national companies.
4-1. The national managing company shall be a joint stock company the founder and the sole shareholder of which is the Government of the Republic of Kazakhstan and which has the general purpose of activities control of shareholdings (participation shares) in national development institutions and other legal entities held by it on the basis of the right of ownership.
4-2. National development institutions shall be financial, consulting, innovation, service organisations formed under the decision of the Government of the Republic of Kazakhstan in the organisational legal form of joint stock companies the main purpose of whose activities is implementation of projects in the field of industrial innovation development and promotion of business.
4-3. The national holding shall be a joint stock company the founder and the sole shareholder of which is the Government of the Republic of Kazakhstan, and which is formed for efficient control of shareholdings in national companies and other joint stock companies held by it on the basis of the right of ownership.
5. A national company shall be understood as a joint-stock company formed under the decision of the Government of the Republic of Kazakhstan the controlling block of shares in which is held by the state or by the national holding company, and which carries out activities in strategic industries constituting the basis of the national economy, except for the cases specified by other legislative acts of the Republic of Kazakhstan. The terms and procedure for the transfer to national companies of assets which are not subject to privatisation, shall be established by the Government of the Republic of Kazakhstan.
The list of the national companies shall be approved by the Government of the Republic of Kazakhstan.
6. The executive body of a company with the participation of the state in the authorised capital shall be obliged to present predicted amounts of dividends on the state-owned block of shares to the state authority exercising the right of ownership and use of said shares prior to the first of April of the year preceding the planned year.
Article 35. General Meeting of Shareholders
1. General meetings of shareholders shall be subdivided into annual and extraordinary.
A company shall be obliged annually to hold an annual general meeting of shareholders. Other general meetings of shareholders shall be recognised as extraordinary.
The first general meeting of shareholders may be convened and held after the state registration of the issue of announced shares and formation of the system of registers of shareholders.
2. At the annual general meeting of shareholders:
1) the annual financial reports of the company shall be approved;
2) the procedure shall be determined for distribution of net income of the company for the expired financial year and the dividend amount per one ordinary share in the company;
3) the issue shall be considered as regards petitions of shareholders against actions of the company and its officials and results of the consideration of them.
The chairman of the council of directors shall inform shareholders of the company of the amount and composition of remuneration to members of the council of directors and executive body of the

company.
The annual general meeting of shareholders shall have the right to consider other issues as well, passing decisions on which is included in the competence of the general meeting of shareholders.
3. The annual general meeting of shareholders must be held within five months upon expiry of the financial year.
Said period shall be deemed to be extended up to three months where it is impossible to complete the company's audit for the reporting period.
4. A company of which all the voting shares are held by one shareholder shall not hold general meetings of shareholders. Decisions on the issues which according to this Law are within the scope of the general meeting of shareholders shall be taken by such shareholder at his sole discretion and shall be subject to formulation in writing on the condition that such decision do not infringe or restrict the rights certified with preference shares.
5. Where in the cases specified by paragraph 4 of this Article the sole shareholder or the person who holds all voting shares in a company is a legal entity, then the decisions on the issues, which according to this Law and the company's charter are within the scope of the general meeting of shareholders, shall be taken by the governing body, Officials or employees of the legal entity, who are entitled to take such decisions in accordance with the legislation of the Republic of Kazakhstan and the legal entity's charter.
Article 36. The Scope of the General Meeting of Shareholders
1. The following issues shall be within the exclusive scope of the general meeting of shareholders:
1) the introduction of amendments and additions to the company's charter or approval of its new edition;
1-1) approval of the code of corporate management, as well as amendments and additions thereto where the adoption of such code is provided for by the company's charter;
2) voluntary Restructuring or liquidation of the company;
3) adoption of a decision on increasing the number of company’s announced shares or alteration of the type of unallocated announced shares of the company;
3-1) determination of terms of and the procedure for conversion of securities of the company, as well as modification of them;
4) determining the number and term of office of the counting commission, election of its members and premature termination of their powers;
5) determining the number, term of office of the board of directors, election of its members and premature termination of their powers as well as determining the amount and terms of payment of remuneration to the board members;
6) appointment of auditors to carry out company's audits;
7) approval of annual financial statements;
8) approval of the procedure for distribution of the company's net income for the reporting fiscal year, adoption of a decision on payment of dividends on ordinary shares and approval of amount of dividends per one ordinary share of the company;
9) adoption of a decision on non-payment of dividends on ordinary and preference shares of the company where the events specified by paragraph 5 of Article 22 of this Law take place;
10) adoption of a decision on the company's participation in the formation or activities of other legal entities by way of a transfer of a part or several parts of assets constituting in aggregate twenty-five and more per cent of all the assets owned by the company;
11) [repealed by 3]
12) [repealed by 3]
13) defining the form of the company's notice to shareholders for convening the general meeting of shareholders and adoption of a decision on placement of such information in mass communication media;
14) approval of amendments to the technique (approval of the technique, unless it is approved by the foundation meeting) for the valuation of shares in the cases of the company's purchase in accordance with this Law;
15) approval of the agenda for the general meeting of shareholders;
16) determining the procedure for disclosure to shareholders of information on the company's activities, in particular, selection of mass communications media, unless such procedure is defined by the company's charter;

17) introduction and annulment of the ‘‘golden share’’;
18) other issues of which the adoption is according to this Law and the company's charter, within the exclusive scope of the general meeting of shareholders.
2. Decisions of the general meeting shareholders on the issues indicated in subparagraphs 1)-3) of paragraph 1 of this Article shall be taken by a qualified majority of the total number of voting shares of the company, and in a company formed as a result of the transformation of a privatisation investment fund, by a qualified majority of the company's voting shares present at the meeting.
Decisions of the general meeting of shareholders on other issues shall be taken by a simple majority of votes of the total number of the company's voting shares participating in the vote, unless this Law and the company's charter specify otherwise.
The company's charter may not establish a greater number of votes which are needed for the adoption of decisions on premature termination of board members' powers, than it is indicated in the second part of this paragraph.
3. Unless otherwise specified by this Law and other legislative acts of the Republic of Kazakhstan, it shall not be allowed to delegate issues within the exclusive authority of the general meeting of shareholders to other governing bodies, officials and company's employees.
4. The general meeting of shareholders shall have the right to abolish any decision of company's other governing bodies on the issues which are recognised as the company's internal affairs, unless otherwise specified by the charter.
Article 37. The Procedure for Convening a General Meeting of Shareholders
1. The annual general meeting of shareholders shall be convened by the board of directors.
2. An extraordinary general meeting of shareholders shall be convened upon the initiative of the following:
1) board of directors;
2) major shareholder.
An extraordinary general meeting of shareholders of a company which is in the process of voluntary liquidation, may be convened, prepared and conducted by the company's liquidation commission.
The legislative acts of the Republic of Kazakhstan may set forth the situations where convening of an extraordinary general meeting of shareholders is obligatory.
3. Preparation and conducting of a general meeting of shareholders shall be carried out by the following:
1) executive body;
2) company's registrar in accordance with the agreement concluded with the registrar;
3) board of directors;
4) company's liquidation commission.
4. Costs associated with convening, preparing and conducting of a general meeting of shareholders shall be borne by the company, except for the cases, set forth by this Law.
5. An annual general meeting of shareholders may be convened and conducted on the basis of a court decision adopted pursuant to the lawsuit of any interested person where the company's governing bodies violate the procedure for the convention of the general meeting of shareholders, which is established by this Law.
An extraordinary general meeting of the company's shareholders may be convened and conducted on the basis of a court decision, adopted pursuant to a lawsuit of a company's major shareholder, where the company's governing bodies failed to implement his requisition to convene an extraordinary general meeting of shareholders.
Article 38. Special Considerations in Convening and Conducting an Extraordinary General Meeting of Shareholders Upon the Initiative of a Major Shareholder
1. The requisition to convene an extraordinary general meeting of shareholders shall be presented to the board of directors by way of forwarding appropriate written message, containing the agenda for such meeting, to the address of the company's executive body.
2. The board of directors shall be obliged to take a decision within ten days from the receipt of such requisition, and to forward to the person who presented that requisition, a notice to convene an extraordinary general meeting of shareholders. When convening an extraordinary general meeting of shareholders pursuant to to such requisition, the board of directors, at its discretion, shall have the right to add any issues to the agenda of the general meeting.
Article 39. The List of Shareholders Having the Right to Participate in the Company's General Meetings

1. The list of shareholders having the right to take part in a general meeting of shareholders and vote at it shall be compiled by the company's registrar on the basis of information of the company's system of registers of shareholders. The date of compilation of said list may not be established prior to the date when the decision was taken to hold the general meeting.
The information that is to be included in the list of shareholders, shall be specified by the authorised body.
2. In the event that after the completion of a list, shareholders having the right to participate in the general meeting of shareholders and vote at it, a person included into that list sold the company's voting shares which that person held, the right to participate in the general meeting of shareholders shall be acquired by the new shareholder. In that case, documents must be submitted to confirm the right of ownership of shares.
Article 40. The Date, Time and Place for Holding a General Meeting
1. The date and time for holding a general meeting of shareholders must be established in such a manner that a greatest number of the persons entitled to participate in it, may take part.
A general meeting of shareholders must be held in a populated area where the executive body of the company is situated.
2. The time of beginning the registration of participants of a meeting and the time of conducting the meeting, must provide the counting company with enough time for the performance of the registration, counting the number of meeting participants and determining whether the quorum is present.
Article 41. Information on Holding a General Meeting of Shareholders
1. Shareholders (owner of ‘‘golden share’’) must be notified of forthcoming general meeting not later than thirty calendar days and in the case of an external or mixed vote, not later than forty-five calendar days prior to the date of the meeting.
2. The notice concerning conducting of the general meeting of shareholders must be published in mass media or be delivered to them. Where the number of shareholders of the company does not exceed fifty shareholders, notification of the shareholder must be made by delivery of a written notice to him.
3. A notice of a general meeting of shareholders must contain the following:
1) full business name and address of the executive body of the company;
2) information on who initiated the meeting;
3) date, time and place for holding the general meeting of company's shareholders, time when registration of the meeting participants begins, as well as the date and time for holding a repeat general meeting of the company's shareholders, which should be held if the meeting does not take place;
4) date for the compilation of the list of shareholders who have the right to participate in the general meeting of shareholders;
5) agenda for the general meeting of shareholders;
6) procedure for the introduction of materials on the agenda of the general meeting of shareholders, to the shareholders;
7) where such company is a privatisation investment fund or was formed as a result of transformation of a privatisation investment fund, the full business name of the fund and number of the licence issued to it.
4. The minority shareholder shall have the right to apply to the registrar of the company for the purposes of joining with other shareholders in passing decisions on issues, which are indicated in the agenda of the general meeting of shareholders.
The procedure for petitioning of the minority shareholder and distributing information by the registrar of the company among other shareholders shall be established by the agreement for maintenance of the system of registers of holders of securities.
Article 42. A Repeat General Meeting of Shareholders
1. A repeat general meeting of shareholders may be appointed earlier than the next following day after the date established for holding the original (adjourned) general meeting of shareholders.
2. A repeat general meeting of shareholders must be held in the same place where the adjourned general meeting of shareholders was to take place.
3. The agenda of a repeat general meeting of shareholders must not be different from the agenda of the original general meeting of shareholders.
Article 43. Agenda of a General Meeting of Shareholders
1. The agenda of a general meeting of shareholders shall be formed by the board of directors and it must contain an exhaustive list of specifically formulated issues proposed for discussion.
The agenda of a general meeting of shareholders may be added to by a major shareholder or

board of directors on the condition that the company's shareholders have been notified of such additions not later than fifteen days from the date of the general meeting or in accordance with the procedure established by paragraph 4 of this Article.
2. When a general meeting of shareholders, which is held in accordance with the standard procedure is opened, the board of directors must report on proposals submitted to it for alteration of the agenda.
3. Approval of the agenda of a general meeting of shareholders shall be carried out by the majority of votes of the aggregate number the company's voting shares present at the meeting.
4. Amendments and (or) additions may be introduced to the agenda where a majority of shareholders (or their representatives) participating in the general meeting of shareholders and holding in aggregate not less than ninety-five percent of the company's voting shares, vote for such introduction. Where a general meeting of shareholders is taking a decision by way of an external vote, the agenda for the general meeting of shareholders may not be amended and (or) added to.
5. The general meeting of shareholders shall not have the right to consider issues which are not included in its agenda, nor take decisions on them.
6. It shall be prohibited to use in the agenda formulations with a wide meaning, including ‘‘miscellaneous’’, ‘‘other’’, ‘‘others’’ and analogous formulations.
Article 44. Materials Concerning Issues on the Agenda of a General Meeting of Shareholders
1. Materials concerning issues on the agenda of a general meeting of shareholders must contain information in a volume which is sufficient for the adoption of motivated decisions on those issues.
2. Materials concerning issues of electing governing bodies of the company must contain the following information on proposed candidates:
1) surname, name, patronymic where appropriate;
2) information on education;
2-1) information on relation to the company;
3) information on places of employment and positions held for the last three years;
4) other information confirming qualifications, work experience of candidates.
Where the agenda of the general meeting of shareholder is entered the issue concerning election of the council of directors of the company (election of a new member of the council of directors), the materials shall indicate whose representative the proposed candidate for members of the council of directors is and (or) he is a candidate for the position of an independent director of the company.
3. Materials concerning issues on the agenda of a general meeting of shareholders must comprise the following:
1) annual financial statements of the company;
2) auditors' report to annual financial statements;
3) proposals of the board of directors concerning the procedure for distribution of net income of the company for the expired financial year and amount of dividends for the year per one ordinary share of the company;
4) other documents at the discretion of the initiator of the general meeting of shareholders.
4. Materials on items of the agenda of the general meeting of shareholders must be prepared and available in the place of location of the executive body of the company to shareholders to be acquainted with, not less than ten days before the date of conducting of the meeting; if a shareholder's request is available, they must be delivered to him within three working days from the day of reception of the request; costs of making of copy documents and of delivery of documents shall be born by the shareholder, unless it is stipulated otherwise by the statutes.
Article 45. The Quorum of the General Meeting of Shareholders
1. The general meeting of shareholders shall have the right to consider and take decisions on the agenda items, if at the time when the meeting participants have become registered the shareholders or their representatives included in the list of the shareholders, having the right to participate in it and vote at it, holding in aggregate fifty and more percent of the company's voting shares, have been registered.
2. A repeat general meeting of shareholders which is held instead of an adjourned one, shall have the right to consider the agenda items and adopt decisions on them, provided:
1) the procedure for the convening of the general meeting of shareholders has been complied with, but it was adjourned due to the absence of a quorum;
2) at the time when the registration has been completed, the registered shareholders (or their representatives) holding an aggregate of forty and more percent of the company's voting shares, including the shareholders who vote externally.

The charter of a company of ten thousand and more shareholders may specify a smaller (not less than fifteen per cent of the company's voting shares) quorum for the holding of a repeat general meeting of shareholders.
3. A repeat general meeting of a company formed as a result of Restructuring and reregistration of a privatisation investment fund shall have the right to consider issues and take decisions on agenda items, provided at the time when the meeting participants have become registered for the participation in it, not less than five hundred shareholders (or their representatives) holding the voting shares of the company, were registered.
4. Where external vote ballots are forwarded to shareholders, the votes presented in said ballots and received by the company by the time when the participants of the general meeting became registered, shall be taken into account in the calculation of the quorum and drawing results of the vote.
No repeat general meeting of shareholders shall be held where a general meeting is conducted by external vote and there is no quorum present.
Article 46. The Counting Commission
1. The counting commission shall be elected at the general meeting of a company which has one hundred shareholders and more.
The counting commission function in a company having less than one hundred shareholders shall be exercised by the secretary of the general meeting of shareholders. At the first general meeting of shareholders the function of the counting commission shall be exercised by the company's registrar.
Pursuant to the general meeting of shareholders decision, the functions of the counting commission may be entrusted to the company's registrar.
2. The counting commission must consist of not less than three persons. Members of the company's collective governing bodies, the person who exercises the function of the executive body of the company at his sole discretion, may not be on the counting commission.
Where a counting commission member is absent from the general meeting of shareholders, it shall be allowed additionally to elect a counting commission member for the time of the meeting.
3. The counting commission shall:
1) review the powers of the persons arriving for the participation in the general meeting of shareholders;
2) register participants of the general meeting of shareholders and issue to them materials on agenda items of the general meeting of shareholders;
3) establish the validity of ballots received through the external vote and count the number of valid ballots and votes on each agenda item stated in them;
4) establish whether a quorum is present for the general meeting of shareholders, in particular during the entire time of the meeting, and announces that a quorum is present or absent;
5) explain issues relating to shareholders exercising their rights at the general meeting of shareholders;
6) count votes on issues that have been considered by the general meeting of shareholders and draw results of voting;
7) compile certificates on results of votes at the general meeting of shareholders;
8) pass the voting ballots and the certificate on results of voting to the company's archives.
4. The counting commission shall ensure the confidentiality of the information contained in the completed vote ballots of the general meeting of shareholders.
Article 47. Representation At a General Meeting of Shareholders
1. A shareholder shall have the right to participate in the general meeting of shareholders and to vote on issues which are considered in person or through his representative.
Company's members of the executive body (person who individually exercises the functions of the executive authority) shall not have the right to act as representatives of shareholders in a general meeting of shareholders.
A representative of a shareholder shall act on the basis of a power of attorney formulated in accordance with the legislation of the Republic of Kazakhstan.
2. No power of attorney shall be required for the participation in a general meeting of shareholders and voting on issues which are considered, for a person who, in accordance with the legislation of the Republic of Kazakhstan or an agreement, has the right to act on behalf of a shareholder or to represent his interests without a power of attorney.
Article 48. The Procedure for Conducting a General Meeting of Shareholders
1. The procedure for the conducting of a general meeting of shareholders shall be determined in

accordance with this Law, charter and other documents of the company which regulate the company's internal affairs, or directly by decision of the general meeting of shareholders.
2. Registration of arriving shareholders (their representatives) shall be carried out prior to the opening of the general meeting of shareholders. A representative of a shareholder must present the power of attorney to confirm his powers to participate and vote in the general meeting of shareholders.
A shareholder (representative of a shareholder) who failed to become registered, shall not be counted when determining a quorum and shall not have the right to participate in voting.
A company shareholder who holds preference shares shall have the right to be present in the general meeting of shareholders, which is held in accordance with the standard procedure and participate in discussion of the issues which are considered by it.
Unless it is otherwise established by the company's charter or decision of the general meeting of shareholders, held in accordance with the standard procedure, persons other than those invited may not be present at it. The right of such persons to speak at a general meeting of shareholders shall be established by the company's charter or by the decision of the general meeting of shareholders.
3. A general meeting of shareholders shall be opened on the announced time, provided a quorum is present.
A general meeting of shareholders may not be opened prior to the announced time, except for the case where all shareholders (their representatives) have already been registered, notified and do not object to changes in the opening time of the meeting.
4. The general meeting of shareholders shall hold elections of the chairman (presidium) and secretary of the general meeting.
The general meeting of shareholders shall determine the form of voting, by open vote or secret (by ballot). Each shareholder shall have one vote and a decision shall be adopted by a simple majority of votes of the number of those present, unless the company's charter specifies otherwise for voting on the issue of electing a chairman (presidium) and secretary of the general meeting of shareholders.
Members of an executive body may not preside at the general meeting of shareholders, except for the cases where all shareholders present at the meeting are members of the executive body.
5. In the course of the general meeting of shareholders its chairman shall have the right to put on the vote the proposal to terminate debates on the issue in consideration, and on alteration of the voting method for it.
The chairman shall not have the right to interfere with the speeches of the persons who have the right to participate in discussions on agenda items, except for the cases where such speeches lead to violation of the general meeting of shareholders procedural regulations, or where such debates on certain issue have been completed.
6. The general meeting of shareholders shall have the right to take a decision on a break in its work and on extending the period of its work, in particular on postponement of considering certain agenda items onto the next following day of the general meeting of shareholders.
7. The general meeting of shareholders may be announced closed only when all agenda items have been considered and decisions have been adopted on them.
8. The secretary of a general meeting of shareholders shall be in charge of the fullness and timeliness of information shown in the protocol of the general meeting of shareholders.
Article 49. Adoption of Decisions by a General Meeting of Shareholders by Way of External Vote
1. Decisions of the general meeting of shareholders may be taken by way of conducting external polls. An external poll may be used in combination with the vote of the shareholders who are present at the general meeting of shareholders (a mixed vote), or without holding a session of the general meeting of shareholders.
2. The company's, except for public companies, charter may set forth a prohibition on taking decisions on all or certain agenda items of the general meeting of shareholders, by external vote.
3. When conducing an external poll vote, uniform ballots shall be forwarded (delivered) to the persons who are included in the list of shareholders, for voting.
Companies shall not have the right to forward voting ballots to selected shareholders for the purpose of exerting influence upon the results of voting at the general meeting of shareholders.
4. A voting ballot must be forwarded to the persons who are included in the list of shareholders, not later than forty-five days prior to the date of the general meeting of shareholders session. In the case of an external vote without conducting the general meeting of shareholders, a company with the number of shareholders five hundred and more shall be obliged to publish in mass communication media determined by the charter, the ballot for external vote at the general meeting of shareholders together with

the notice of the general meeting of shareholders.
5. An external vote ballot must contain the following:
1) full business name and address of the company's executive body;
2) information of who initiated the meeting;
3) final date for the submission of external vote ballots;
4) date of the general meeting of shareholders session or date for counting external poll votes without conducting the general meeting of shareholders session;
5) agenda of the general meeting of shareholders;
6) names of candidates proposed to be elected where the agenda of the general meeting of shareholders contains items of electing board members;
7) formulation of issues to be voted on;
8) vote choices on each agenda item of the general meeting of shareholders, expressed with the words ‘‘for’’, ‘‘against’’, ‘‘abstained’’;
9) explanations on the voting procedure (completion of ballots) on each agenda item.
6. An external poll ballot must be signed by the shareholder who is an individual with indication of details of the document confirming identity of such person.
The external poll ballot of a shareholder which is a legal entity must be signed by its chief executive and certified with that legal entity's seal.
A ballot without a signature of the shareholder who is an individual or the chief executive of the legal entity which is a shareholder, as well as without the seal of such legal entity, shall be recognised as invalid.
When counting votes only the votes on items where the shareholder observed the voting procedure as defined in the ballot, and where only one of the vote's multiple choices was marked.
7. Where the agenda of the general meeting of shareholders contains items of electing board members, the external vote ballot must contain fields for indication of the numbers of votes given for individual candidates.
8. Where a shareholder, who forwarded an external vote ballot, has arrived for the participation and voting at the general meeting of shareholders, where mixed voting is to be used, his ballot shall not be counted in deciding whether a quorum of the general meeting of shareholders is present and when counting votes on agenda items.
Article 50. Voting at a General Meeting of Shareholders
1. Voting at a general meeting of shareholders shall be carried out on the principle of ‘‘one share –one vote’’, except for the following cases:
1) where there is a restriction of the maximum number of votes on shares granted to one shareholder in the case specified by the legislative acts of the Republic of Kazakhstan;
2) cumulative vote in electing members of the board of directors;
3) where one vote is granted to each person who has the right to vote at the general meeting of shareholders, for voting on procedural issues of conducting the general meeting of shareholders.
2. In the case of a cumulative vote, the votes conferred by shares may all be given by the shareholder in favour of one candidate board member or distributed by him between several candidate board members. The candidates whom won the greatest number of votes shall be elected to the board of directors.
3. Where voting at a general meeting of shareholders which is held in accordance with the standard procedure is carried out by secret ballot, the ballots for such voting (further in this Article, ballots for secret ballot voting) must be prepared for each individual item on which the voting will be by secret ballot. In that case the ballot for secret ballot voting must contain the following:
1) wording of the issue or its number on the agenda of the meeting;
2) choices for voting on the item, expressed with the words ‘‘in favour’’, ‘‘against’’, ‘‘abstained’’ or choices for voting on each candidate to the company' governing bodies;
3) number of votes held by the shareholder.
4. A secret vote ballot shall not be signed by the shareholder, except for the case, where that shareholder himself expressed the desire to sign the ballot, in particular for the purposes of filing a claim against the company to purchase his shares in accordance with this Law.
When calculating votes on secret vote ballots, the votes on those issues for which the voting procedure defined in the ballot was observed by the voter, and only one voting choice was marked.
Article 51. The Protocol On Results of Voting
1. Upon results of voting the counting commission shall compile and sign a protocol on results of

voting.
2. Where a shareholder has a dissenting opinion on an voted issue, the counting commission of the company must make appropriate entry in the protocol.
3. After the compilation and signing of the protocol on results of voting, the completed secret vote ballots and external poll ballots (including the ballots which were recognised as invalid), on the basis of which the protocol was compiled, shall be bound together with the protocol and submitted to the company's archives for storage.
4. The protocol on results of voting shall be attached to the minutes of the general meeting of shareholders.
5. Results of voting shall be voiced at the general meeting of shareholders where the voting took place.
6. Results of voting of the general meeting of shareholders or results of external voting shall be communicated to shareholders by way of their publication in mass communication media or by forwarding a written notice to each shareholder within ten days after the closure of the general meeting of shareholders.
The procedure for notifying shareholders of voting results shall be defined in the company's charter.
Article 52. Minutes of General Meetings of Shareholders
1. Minutes of a general meeting of shareholders must be compiled and signed within three working days after the closure of the meeting.
2. The following shall be mentioned in the minutes of a general meeting of shareholders:
1) full name and address of the company's executive body;
2) date, time and place of the general meeting of shareholders;
3) information on the number of the company's voting shares present at the general meeting of shareholders;
4) quorum of the general meeting of shareholders;
5) agenda of the general meeting of shareholders;
6) procedure for voting at the general meeting of shareholders;
7) chairman (presidium) and secretary of the general meeting of shareholders;
8) speeches of the persons participating in the general meeting of shareholders;
9) total number of shareholders' votes on each agenda item of the general meeting of shareholders, put to vote;
10) issues put to vote, results of voting on them;
11) decisions adopted by the general meeting of shareholders.
Where the general meeting considers the issue concerning election of the council of directors of the company (election of a new member of the council of directors), the protocol of the general meeting shall indicate a representative of which shareholder the elected member of the council of directors is and (or) who is an independent director out of the elected members of the council of directors.
3. Minutes of the general meeting of shareholders shall be signed as follows:
1) by the chairman (presidium members) and the secretary of the general meeting of shareholders;
2) by members of the counting commission;
3) by the shareholders who hold ten and more percent of the company's voting shares, who participated in the general meeting of shareholders.
Where it is impossible to for a person who is to sign the minutes, to sign them, the minutes shall be signed by his representative on the basis of the power of attorney issued to him.
4. In the event that a person indicated in paragraph 3 of this Article, disagrees with the contents of the minutes, that person shall have the right not to sign them by submitting a written explanation of reasons for such refusal, which shall be attached to the minutes.
5. The minutes of a general meeting of shareholders shall be bound together with the protocol on results of voting, powers of attorney for the participation in the voting at the general meeting, as well as for the signing of the minutes and written explanations on the reasons to refuse from signing of the protocol. Said documents must be kept by the executive body and presented to shareholders for perusal at any time. Pursuant to demand of a shareholder, a copy minutes of the general meeting of shareholders shall be issued to him.
Article 53. Board of Directors
1. The board of directors shall exercise the general guidance of the company's activities, except

for deciding the issues which according to this Law and the company's charter are within the exclusive scope of the general meeting of shareholders.
2. Unless otherwise specified by this Law and the company's charter, the following issues shall be within the exclusive scope of the board of directors:
1) determining priority areas of the company's business;
2) taking decision on convening the annual and extraordinary general meeting of shareholders;
3) adoption of a decision on allocation (sale), including the number of shares to be allocated (sold) within the number of the announced shares, method and price of their allocation (sale);
4) adoption of a decision on company buying of placed shares and other securities and price of their back purchase;
5) preliminary approval of annual financial statements of the company;
6) [repealed by 6]
7) defining conditions for issuing debentures and derivative securities of the company;
8) determining the number, term of office of the executive body, election of its chief and members (person who exercises the functions of an executive body at his sole discretion), as well as premature termination of their office;
9) defining amounts of salaries and terms of work remuneration and bonus for the chief executive and members of the executive body (person who exercises the functions of an executive body at his sole discretion);
10) defining procedures for the internal audit function, amount and terms of work remuneration and bonus for employees of the internal audit function;
10-1) appointment, determination of the term of office of the corporate secretary, termination of his powers ahead of time, as well as determination of an amount of the official wage rate and work remuneration terms for the corporate secretary;
11) determination of an amount for payment for services of an auditing organisation, as well as of a valuator of the market value of assets transferred in payment for shares in the company or being a subjectmatter
in a major transaction;
12) [repealed by 3]
13) approval of documents regulating internal activities of the company (except for the documents which are adopted by the executive body for the purposes of organising the company's business), in particular the inside document establishing terms of and the procedure for conducting of auctions and subscription to securities of the company;
14) adoption of decisions on the formation and closure of affiliates and representations of the company and approval of their by-laws;
15) passing of a decision concerning purchase by the company of ten per cent of shares (participation shares in the authorised capital) in other legal entities and more, as well as passing of decisions on issues of their activities;
16) approval of the company's liabilities by an amount in excess of 10 and more percent of its equity capital;
17) selection of the company's registrar in the event that the agreement with the former registrar of the company is terminated;
18) defining information on the company or its activities which is recognised as service, commercial or other type of secret, which is protected by the law;
19) adoption of a decision on conclusion of large transactions and transactions in which the company has interest;
20) other issues specified by this Law and the company's charter, which are not recognised as exclusive competence of the general meeting of shareholders.
3. Issues of which the list is established by paragraph 2 of this Article may not be delegated to the executive body for decision.
4. The board of directors shall not have the right to take decisions on issues which in accordance with the company's charter are within the scope of its executive body, nor to take decisions which contradict decisions of the general meeting of shareholders.
5. Decisions which are adopted by the board of directors in respect of issues for which the right of veto is established, shall be subject to coordination with the holder of the ‘‘golden share’’.
Article 53-1. Committees of the Board of Directors
1. To consider the most important issues and to prepare recommendations to the council of

directors committees of the council of directors shall be formed in public companies, and they may be formed in other companies for issues of:
1) strategic planning;
2) personnel and remuneration;
3) inside audit;
4) social issues;
5) other issues stipulated by the inside document of the company.
2. Committees of the council of directors shall consist of members of the council of directors and experts having necessary professional knowledge to work in a concrete committee.
The chief executive of the executive body may not be a chairman of a committee of the council of directors.
3. The procedure for formation and working of committees of the council of directors, as well as their quantitative composition shall be established by the inside document of the company to be approved by the council of directors.
Article 54. Board of Directors Membership
1. Only an individual may be a board member.
2. Board members shall be elected from among the following:
1) shareholders who are physical persons;
2) persons proposed (recommended) to be elected to the board of directors as representatives of shreholders' interests;
3) other persons (subject to the restriction specified in paragraph 3 of this Article).
Election of board members shall be carried out by cumulative vote. A shareholder shall have the right to give the votes conferred by his shares in full for one candidate or to distribute them between several board member candidates. Candidates who won the greatest number of votes shall be recognised elected to the board of directors. Where two or more board member candidates received an equal number of votes, additional vote shall be held for those candidates.
3. An individual who is not the company's shareholder and who has not been proposed (recommended) to be elected to the board of directors as a representative of a shareholder's interests, may be elected to be a board member. Number of such persons may not exceed fifty per cent of the board membership.
4. Members of the executive body, except for its head, may not be elected to the board of directors. The head of the executive body may not be elected to be the chairman of the board of directors.
5. The number of board of directors members must be not less than three persons. Not less than one third of a company’s board of directors members must be independent directors.
6. Requirements to the persons to be elected to the board of directors shall be established by the legislation of the Republic of Kazakhstan and the company's charter.
Article 55. Term of Office of Board Members
1. Persons who are elected to be board of directors members, may be reelected unlimited number of times, unless it is otherwise specified by the legislation of the Republic of Kazakhstan and the company's charter.
2. Term of office of a board of directors shall be established by the general meeting of shareholders.
Term of office of a board of directors shall expire at the time when the general meeting of shareholders is held where the election of a new board of directors takes place.
3. The general meeting of shareholders shall have the right prematurely to terminate the office of all or individual board members.
4. Premature termination of office of a board members upon his initiative shall be carried out on the basis of a written notice to the board of directors.
The powers of such a board member shall be terminated from the time of receipt said notice by the board of directors.
5. In the case of a premature termination of office of a board member, the election of a new board member shall be carried out by cumulative voting of shareholders present at the general meeting, in that respect the office of a newly-elected board member shall expire simultaneously with the expiry of the board of directors office as a whole.
Article 56. The Chairman of the Board of Directors
1. The chairman of the board shall be elected from among its members by a majority of votes of the total number of the board members by secret ballot, unless it is otherwise specified by the company's

charter.
The board of directors shall have the right to elect another chairman, unless it is otherwise specified in the company's charter.
2. The chairman of the board of directors shall organise the work of the board of directors, conduct its sessions, as well as exercise other functions as defined by the company's charter.
3. In the case of absence of the board chairman, his functions shall be exercised by one of the board members pursuant to the board decision.
Article 57. Convening a Board of Directors Meeting
1. A board meeting may be called up upon the initiative of its chairman or executive body, or pursuant to requisition of:
1) any board member;
2) internal audit function of the company;
3) company's auditors;
4) major shareholder.
2. The requisition to call up a board meeting shall be submitted to the chairman of the board by way of forwarding appropriate written notice containing the proposed agenda for the board meeting.
In the case of the board chairman refusal to call up a meeting, the person who initiated it shall have the right to petition with said claim to the executive body which shall be obliged to call up the board meeting.
A board meeting must be called up by the board chairman or by the executive body not later than ten days from the day of receipt of the claim to call up the meeting, unless another period is established by the company's charter.
A meeting of the board of directors shall be held by obligatory invitation of the person who filed said claim.
3. The procedure for delivery of a notice to members of the council of directors concerning conducting of a meeting of the council of directors shall be determined by the council of directors, as for the holder of ‘‘the golden share’ it shall be determined by the statutes of the company.
4. A board member shall be obliged beforehand to notify the executive body if it is impossible for him to participate in a board meeting.
Article 58. A Board of Directors Meeting
1. The quorum for conducing a board meeting shall be determined by the company's charter but it must not be greater that a half of the board members number. The meeting of the board of directors of the public company in the obligatory procedure must be attended by independent directors in a number of not less than a half of the total number of independent directors.
Where the total number of board members is insufficient for a quorum to be present as determined by the charter, the board shall be obliged to convene an extraordinary general meeting of shareholder for the election of new board memebers. Remaining board members shall have the right to take a decision only on convening such extraordinary general meeting of shareholders.
Each board member shall have one vote.
Decisions of the board of directors shall be taken by a simple majority of votes of the board members present at the meeting, unless it is otherwise specified by this Law and the company's charter.
The company's charter may set forth that in the case of equality of votes the vote of the board chairman or person presiding at the board meeting, is recognised as the casting vote.
3. Board of directors shall have the right to take a decision on conducting its closed meeting, where only board members may participate.
4. The company's charter and (or) internal documents of the company» may provide for the possibility of adoption of decisions by the board of directors by way of in-absentia voting on issues submitted to the board of directors for its consideration and the procedure for the adoption of such decisions.
A decision by way of in-absentia voting shall be recognised as adopted, provided there is a quorum in the ballots received within established period.
A decision of an in-absentia vote of the board of directors must be formulated in writing and signed by the secretary and the chairman of the board of directors.
Within twenty days from the date of formulating a decision it must be forwarded to the board of directors members with attached ballots on the basis of which a given decision was taken.
5. Decisions of the board of directors which were adopted at its meeting held in a normal procedure, shall be formulated as minutes to be compiled and signed by the person who presided at the

meeting and the secretary of the board of directors within three days from the date of the meeting and contain the following:
1) full name and address of the company's executive body;
2) date, time and place of the meeting;
3) information on the persons having participated in the meeting;
4) agenda of the meeting;
5) issues put to vote and results of voting on them;
6) adopted decisions;
7) other information at the board discretion.
6. Minutes of board meetings and decisions of the board of directors which were adopted by way of external voting, shall be kept in the company's archives.
The secretary of the board, pursuant to the request of a board member shall be obliged to present to him the minutes of a board meeting and decisions adopted by way of external voting, for perusal and (or) issue to him extracts from the minutes and decisions to be certified with the signature of the company's authorised employee and company's seal.
Article 59. Executive Body
1. The guidance of current activities shall be carried out by the executive body. The executive body may be collective or individual.
The executive body shall have the right to take decisions on any issues of company's activities, which are not recognised by this Law, other legislative acts of the Republic of Kazakhstan and the company's charter as jurisdiction of other bodies and Officials of the company.
The executive body shall be obliged to implement decisions of the general meeting of shareholders and the board of directors.
Decisions of the executive body on issues which are subject to the right of veto, shall be subject to coordination with the holder of the ‘‘golden share’’.
The company shall have the right to challenge the validity of the transactions entered into by its executive authority in violation of the restrictions established by the company, provided it proves that at the time of entering into such transactions the parties were aware of such restrictions.
2. Company's shareholders and employees, who are not its shareholders, may be members of the collective executive body.
A member of the executive body shall have the right to work for other organisations only with the approval of the board of directors.
The chief executive of the executive body or the person solely performing functions of an executive body of the company shall have no right to hold the position of a chief executive of the executive body or of a person solely performing functions of an executive body in another legal entity.
The functions, rights and obligations of an executive body member shall be defined by this Law, other legislative acts of the Republic of Kazakhstan, company's charter as well as employment agreement to be concluded by said person with the company. An employment agreement on behalf of the company with the head of the executive body shall be signed by the board chairman or the person appropriately authorised by the general meeting or board of directors. The employment agreement with other members of the executive body shall be signed by the head of the executive body.
Article 60. Powers of the Head of the Executive Body.
The head of the executive body shall:
1) organise the implementation of decisions of the general meeting of shareholders and the board of directors;
2) without a power of attorney act on behalf of the company in its relations with third parties;
3) issue powers of attorney for the right to represent the company in its relations with third parties;
4) carry out acceptance, transfer and dismissal of company's employees (except for cases established by this Law), apply to them measures of encouragement and impose disciplinary punishments, establish amounts of salaries of the company's employees and personal additions to salaries in accordance with the personnel schedule of the company, determine amounts of bonus to company's employees, except for the employees who are members of the executive body and internal audit function of the company.
5) in the case of his absence, entrust the performance of his duties to one of the executive body members;
6) assign duties as well as scope of authority and responsibilities between the members of the

executive body;
7) exercise other functions defined by the company's charter and decisions of the general meeting of shareholders and the board of directors.
Article 61. The Internal Audit Function
1. In order to exercise the supervision of the financial and operational activities of the company, the internal audit function may be formed.
2. Workers of the internal audit function may not be elected to the board of directors and to the executive body.
3. The internal audit function shall be directly subordinated to the board of directors and it shall report to it with regard to its work.
Article 62. The Principles for the Functioning of Officials of the Company
Officials of a company shall:
1) conscientiously perform the duties entrusted to them and use methods which to the maximum extent respond to the interests of the company and shareholders;
2) not use the company's assets or allow for their use in contradiction to the company's charter and decisions of the general meeting of shareholders and board of directors, nor for personal gain and abuse in commission of transactions with their affiliated persons;
3) be obliged to provide for the integrity of accounting and financial reporting systems, including independent auditing;
4) supervise the disclosure and presentation of information on company's activities in accordance with the requirements of the Republic of Kazakhstan legislation;
5) to keep information on activities of the company confidential, in particular within three years from the moment of stop of working with the company, unless it is established otherwise by the inside documents of the company.
Article 63. Responsibility of Officials of a Company
1. Officials of the company shall be responsible to the company and shareholders for harm inflicted by their actions (omission), in accordance with laws of the Republic of Kazakhstan, in particular for losses incurred as a result of:
1) presentation of information misleading or wittingly false information;
2) violation of the procedure for presentation of information as established by this Law.
2. On the basis of the decision of the general meeting of shareholders the company shall have the right to bring to the count a claim against the official as regards compensation of harm or losses inflicted by him to the company.
3. Officials of the company shall be released from the responsibility in case if they vote against the decision passed by the body of the company, which resulted in losses of the company or shareholder, or if they do not participate in voting.
CHAPTER 6. AFFILIATED PERSONS OF A COMPANY
Article 64. A Company's Affiliated Person
1. The following shall be recognised as an affiliated person of a company:
1) a major shareholder;
2) an individual who is in close kinship (parent, brother, sister, son, daughter), marriage, as well as inlaws (brother, sister, parent, son or daughter of the husband (wife) with an individual who is a major shareholder or official, except for an independent director, of the company;
3) an official, except for an independent director, of the company or of a legal entity specified in subparagraphs 1), 4) - 9) of this paragraph;
4) a legal entity which is controlled by a person who is a major shareholder or a company's official;
5) a legal entity for which an entity which is a major shareholder or an official of the company is a major shareholder or has the right to an adequate share in the assets;
6) a legal entity for which the company is a major shareholder or has the right to certain share in the assets;
7) a legal entity which in conjunction with the company is under control of a third party;
8) a person bound to the company by a agreement in accordance with which that person has the right to determine decisions to be taken by the company;
9) a person who independently or in conjunction with its affiliated persons owns, uses, disposes of ten and more percent of voting shares of the company or of the legal entities specified in subparagraphs 1), 4)-8) of this paragraph;
10) another person who is an affiliated person of the company in accordance with the Republic of

Kazakhstan legislative acts.
2. The right to determine decisions which are adopted by a company or another legal entity, shall be recognised as control of such company or legal entity.
3. Provisions of this Article shall not cover companies, which are non-commercial organisations and credit bureaux.
The following shall be recognised as non-affiliated:
1) persons which are big shareholders (participants) of a non-commercial organisation or credit bureau;
2) persons incapable or with limited capability.
Article 65. An Affiliated Person of a Company's Official Person (repealed by 3)
Article 66. Special Considerations in the Commission of Transactions With Participation of Affiliated Persons
1. Special considerations in the commission of company's transactions with the participation of its affiliated persons shall be established by this Law and other legislative acts of the Republic of Kazakhstan.
2. Non-compliance with the requirements established by this Law and other legislative acts of the Republic of Kazakhstan with regard to the procedure for the commission by a company of a transaction with the participation of its affiliated persons shall be recognised as the basis for the recognition by the court of such transaction as invalid pursuant to a lawsuit of any interested person.
3. A person who deliberately committed a transaction in violation of requirements concerning the procedure for commission of transactions with participation of affiliated persons, as established by this Law, shall not have the right to require the recognition of the transaction as invalid where such requirement is caused by material interests or intention to evade responsibility.
Article 67. Disclosure of Information on Company's Affiliated Persons
1. Information on company's affiliated persons shall not be recognised as information that constitutes service, commercial or any other secret to be protected by the law.
2. A company shall be obliged to keep account of its affiliated persons on the basis of the information submitted by those persons or by the company's registrar (only with regard to persons who are recognised as major shareholders in accordance with the procedure established by the authorised body).
The procedure for the disclosure by shareholders and officials of a company of information on their affiliated persons shall be established by the charter.
3. Physical persons and legal entities who are affiliated persons of a company, shall be obliged to present to the company information on their affiliated persons within seven days from the day when such affiliation emerges.
4. A company shall be obliged to disclose the list of its affiliated persons to the authorised body in accordance with the procedure established by it.
CHAPTER 7. COMMISSION OF THE TRANSACTIONS WHICH REQUIRE FROM A COMPANY COMPLIANCE WITH SPECIAL REQUIREMENTS
Article 68. Major Transactions
1. The following shall be recognised as major transactions:
1) a transaction or a combination of inter-related transactions resulting in the company's purchase or sell (may result in purchase or sale) of assets of which the value is twenty-five and more percent of the total value of the company's assets;
2) a transaction or combination of inter-related transactions resulting in the company's potential purchase of its outstanding securities or sale of the company's securities that were purchased by it in a number of twenty-five and more percent of the total number of the outstanding securities of one type;
3) another transaction which is recognised by the company's charter as a major transaction.
2. The following transactions shall be recognised as inter-related:
1) several transactions which are entered into with one person or with by a group of persons affiliated between one another for the purpose of purchase or sale of the same assets;
2) transactions which are formulated in one agreement or in several agreements which are connected between themselves;
3) other transactions which are recognised as inter-related by the company's charter or decision of the general meeting of shareholders.
Article 69. Value of the Assets which are Subject to a Major Transaction
1. Market value of assets which are subject-matter of a major transaction, shall be determined in

accordance with the legislative act of the Republic of Kazakhstan concerning valuation activity.
2. Where assets of which the market value it to be determined, are securities circulating in an organised securities market, then in determining of their market value, one shall take into account the transaction prices which formed in such market in respect of such securities or demand and supply prices of such securities. Where the assets of which market value is to be determined are shares of the company itself, then in determining their market value one shall also consider the company's equity capital, prospects for its alteration in accordance with the company's development plans and other factors, which are recognised as material by the persons who is determining the market value.

Article 70. Commission of a Major Transaction by a Company

1. A decision on the conclusion by a company of a major transaction shall be taken by the board of directors.
For the purposes of informing creditors and shareholders a company shall be obliged within five working days after the adoption by the board of directors of a decision on the conclusion of a major transaction, to publish in the state language and in other languages a notice in mass communication media.
2. The company's charter may define a list of major transactions on the conclusion of which the decisions are to be adopted by the general meeting of shareholders as well as the procedure for their commission.
3. In the case of disagreement with the company's decision to conclude a major transaction, taken in accordance with the procedure established by this Law and the company's charter, a shareholder shall have the right to claim purchase by the company of the shares held by him, in accordance with the procedure established by this Law.

Article 71. Interest in the Commission of Company's Transactions

1. Affiliated persons of a company (henceforth, interested parties), shall be recognised as persons who are interested in the company's commission of a transaction, where:
1) they are a party to the transaction or participate in it as a representative or intermediary;
2) they are affiliated persons of a legal entity which is a party to the transaction or participates in it as a representative of intermediary.
2. The following transactions shall not be recognised as transactions in the commission of which by a company there is a bias:
1) transactions associated with the purchase by a shareholder of shares and other securities of the company, as well as purchase by the company of its outstanding shares;
2) transactions for undertaking obligations on non-disclosure of information containing banking, commercial or law-protected secrets;
3) Restructuring of the company as carried out in accordance with this Law;
4) company's transaction with its affiliated persons, committed in accordance with the Republic of Kazakhstan legislation concerning state purchases.

Article 72. Disclosure of Interest in the Commission of Company's Transactions

Persons mentioned in paragraph 1 of Article 71 of this Law shall be obliged to communicate the following information to the board of directors:
1) that they are a party in such transaction or participate in it as a representative or intermediary;
2) on the legal entities to which they are affiliated, in particular on the legal entities in which they independently or in conjunction with their affiliated persons hold ten and more percent of voting shares (unit shares, interest) and on legal entities where they hold positions in governing bodies;
3) on current or intended transactions where they may be recognised as interested persons.

Article 73. Requirements to the Procedure for the Conclusion of a Transaction in the Commission of which a Bias Exists

1. A decision on the conclusion by a company of a transaction in the commission of which there is a bias shall be taken by a simple majority of votes of the board members who are not affected by its commission.
2. A decision on the conclusion by the company of a transaction in the commission of which there is a bias, shall be adopted by the general meeting of shareholders by a majority of votes of the shareholders who are not affected by its conclusion in the following cases:
1) where all members of the board of directors of a company are interested persons;
2) it is impossible for the board of directors to take a decision on the conclusion of such transaction due to a shortage of votes needed for the adoption of a decision.
3. A decision on the conclusion by the company of a transaction in the commission of which

there is a bias shall be taken by the general meeting of shareholders by a simple majority of votes of the total number of the company's voting shares in the case where all members of the company's board of directors and all ordinary shareholders are interested persons.
In that respect, information which is required for the adoption of a motivated decision shall be presented to the general meeting of the company (with attached documents).
4. The company's charter may provide a different procedure for the conclusion of certain transactions in the commission of which a bias exists.
Article 74. Consequences of A Company's Conclusion of Transactions for which Special Conditions are Established
1. Failure to comply with the requirements specified by this Law when committing a major transaction and a transaction with an interest, shall entail the recognition of those transactions as invalid through a court procedure pursuant to the lawsuit of interested persons.
2. A person interested in the company's completion of a transaction that was entered into with violation of the requirements concerning the procedure for its conclusion, as specified by this Law, shall be held responsible by the company with regard to amount of losses caused by such person to the company. Where a transaction is committed by several persons, their liability to the company shall be joint and several.
3. A person who knowingly concluded a major transaction in violation of the requirements established by this Law and the company's charter shall not have the right to require recognition of such transaction as invalid, where such claim is caused by material motives or intention to evade responsibility.
CHAPTER 8. COMPANIES' FINANCIAL STATEMENTS AND AUDITING
Article 75. Companies' Financial Statements
1. (repealed by 7)
2. The procedure for accounting and compilation of financial statements by companies shall be established by the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, and accounting standards.
Article 76. Companies Annual Financial Statements
1. The executive authority shall annually present to the general meeting of shareholders annual financial statements for expired year of which an audit was carried out in accordance with the Republic of Kazakhstan legislation in accordance with the Republic of Kazakhstan legislation concerning auditing for its discussion and approval. Aside from financial statements the executive body shall present to the general meeting of the company an audit opinion.
2. (repealed by 7)
3. Annual financial statements shall be subject to preliminary approval by the board of directors not later than thirty days prior to the date of the annual general meeting of shareholders.
The final approval of the company's annual financial statements shall be at the annual general meeting of shareholders.
4. A company shall be obliged annually to publish in mass communication media the annual balance sheet, statements of all movements of capital, statement of cash flows and statement of revenues within the period established by the authorised body. A company shall have the right additionally to publish other financial reports.
Article 77. (repealed by 3)
Article 78. Companies' Audits
1. A company shall be obliged to have audits of its annual financial statements.
2. A company's audit may be carried out upon the initiative of the board of directors, executive body at the company's expense or pursuant to the requisition of a major shareholder at his expense, in that respect a major shareholder shall have the right independently to appoint an organisation of auditors. In the case of conducting an audit pursuant to demand of a major shareholder the company shall be obliged to disclose all appropriate documentation (materials) requested by the organisation of auditors.
3. Where the company's executive body evades company's audit, such audit may be appointed by a court decision pursuant to a lawsuit of any interested person.
CHAPTER 9. DISCLOSURE OF INFORMATION BY COMPANIES. COMPANY'S DOCUMENTS
Article 79. Disclosure of Information by Companies
1. A company shall be obliged to communicate to its shareholders the information on the company's activities, affecting the interests of the company's shareholders.
The following shall be recognised as information affecting the company's shareholders interests:
1) decisions adopted by the general meeting of shareholders and board of directors, information

on the implementation of adopted decisions;
2) issuing by the company of shares and other securities and approval by the authorised body of reports on results of placement of company's securities, reports on results of redemption of the company's securities, annulment by the authorised body of the company's securities;
3) commission by the company of major transactions and transactions with an interest;
4) receipt by the company of a loan in an amount constituting twenty-five and more percent of the company's equity capital size;
5) company's obtaining of licences for the performance of certain types of activities, suspension or termination of licences that were previously obtained by the company for the performance of certain types of business;
6) company's participation in foundation of a legal entity;
7) seizure of company's assets;
8) occurence of circumstances which have extraordinary nature, resulting in destruction of company's assets of which the balance sheet value was ten and more percent of the total value of the company's assets;
9) administrative proceedings against the company and its Officials;
10) decisions on enforced Restructuring of the company;
11) other information affecting the interests of its shareholders, in accordance with the company's charter.
2. [repealed by Law 3]
2-1. The public company shall be obliged to place in the corporate web-site information indicated in subparagraphs 1), 2), 3), 4), 5), 6), 7) and 9) of paragraph 1 of this Article.
3. Disclosure of information affecting the interests of its shareholders, on the company's activities shall be carried out in accordance with this Law and the company's charter.
A company shall ensure obligatory maintenance of the list of company's employees who have information constituting official or commercial secrets.
Article 80. Companies Documents
1. Companies documents concerning their business shall be kept by the companies during the entire period of their functioning where the executive bodies of such companies are situated, or in another place as determined by their charters.
The following documents shall be kept:
1) company's charter, amendments and additions that have been introduced to the company's charter;
2) minutes of the foundation meetings;
3) foundation agreement (decision of the sole founder), amendments and additions introduced to the foundation agreement (decision of the sole founder);
4) certificate on state registration (reregistration) of the company as a legal entity;
5) statistical card of the company;
6) licences allowing the company to engage in certain types of activities and (or) commit certain transactions;
7) documents confirming the right of the company with regard to the assets which are (were) in its balance sheet;
8) prospectuses of the company's securities issues;
9) documents confirming the state registration of the company's securities issues, annulment of securities as well as approvals of reports on results of placement and redemption of the company's securities, which were submitted to the authorised body;
10) by-laws of the company's affiliates and representations;
11) minutes of general meetings of shareholders, materials concerning issues associated with the company's general meetings of shareholders agendas;
12) lists of shareholders which are presented for conducting of general meetings of shareholders;
13) minutes of meetings (decisions of external sessions) of the board of directors, materials concerning issues associated with the board of directors agendas;
14) minutes of meetings (decisions) of the executive body.
15) a corporate management code, if any.
2. Other documents in particular financial statements shall be kept by companies for as long as established by the legislation of the Republic of Kazakhstan.
3. Pursuant to the requisition by a shareholder the company shall be obliged to present to him

copy documents specified by this Law in accordance with the procedure defined by the company's charter, in that case it shall be allowed to introduce restrictions with regard to disclosure of information which constitutes a state, commercial or any other secret protected by the law.
Amount of payment for preparation of copies of documents shall be established by the company and it may not exceed the costs incurred in the making of copies of documents and costs associated with the delivery of such documents to shareholders.
Documents regulating certain matters of issue, placement, negotiation and conversion of securities of the company, which comprise information constituting official, commercial or other law protected secrets, must be presented to the shareholder under his request to be acquainted with.

CHAPTER 10. RESTRUCTURING AND LIQUIDATION OF A COMPANY

Article 81. Restructuring of a Company

1. Restructuring of a company (merger, acquisition, appropriation, division, transformation) shall be carried out in accordance with the Civil Code of the Republic of Kazakhstan subject to special considerations established by the legislative acts of the Republic of Kazakhstan.
2. In the case of a company Restructuring by way of division or appropriation, the creditors of the company in Restructuring shall have the right to require premature termination of the obligation where the that company is the debtor, and require compensation for losses.
3. Where in the case of Restructuring, the company terminates its activities, an issue of its shares shall be subject to annulment in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

Article 82. Merger of Companies

1. Emergence of a new company by way of transfer to it of all assets, rights and obligations of two or several companies by terminating their activities on the basis of a merger agreement and in accordance with transfer protocols, shall be recognised as a merger of the companies.
2. The authorised capital of a company, which is formed by way of merging companies, shall be equal to the total equity capitals of the reorganised companies.
3. The shares of a newly-formed company shall be allocated among the shareholders of the companies reorganised in accordance with the following procedure:
1) number of the announced shares of the newly-formed company to be allocated among the shareholders of each company reorganised shall be determined on the basis of the ratio of equity capitals of those companies;
2) the number of the shares which is to be distributed between shareholders of each reorganised company, determined in accordance with subparagraph 1) of this paragraph, shall be allocated among the shareholders of each reorganised company in proportion with the ratio of the number of shares they have in the reorganised company to the number of the allocated (except for those purchased back) shares of a given company.
4. The board of directors of each reorganised company shall submit to the general meeting of shareholders for its consideration the matter of Restructuring in the form of a merger, state registration of the shares issue of the company that is to be formed as a result of the merger and the procedure for their allocation.
5. A decision on a merger shall be taken at a joint general meeting of shareholders of the companies to be reorganised, by a qualified majority of votes of shareholders of each separate company.
Such decision of the general meeting of shareholders must contain the following provisions:
1) on the approval of the merger agreement in which information is presented on the business name, address of each of the companies to be reorganised, procedure for the allocation of shares and other merger conditions;
2) on state registration of the shares issue of the company to be formed as a result of the merger.
6. A merger agreement must be signed by all shareholders of the companies to be reorganised.
A transfer protocol shall be signed by the heads of executive authorities and chief accountants of the companies to be reorganised and it shall be certified with the companies' seals.
7. The companies to be reorganised shall be obliged to forward to their creditors written notices on Restructuring and to post appropriate announcements in mass communication media. The transfer protocol shall be attached to a notice.

Article 83. Acquisition of a Company

1. Termination of activity of a company to be acquired by transfer on the basis of an acquisition agreement and in accordance with the transfer protocol of all assets, rights and obligations of a company to be acquired by another company, shall be recognised as acquisition of a company by another company.

A company which acquires shall acquire the shares of the company to be acquired by way of allocating (selling) to the shareholders of the company to be acquired of their shares in proportion to the ratio of the selling price of the shares of the company to be acquired to the allocation (selling) price of shares of the acquiring company, to be determined in accordance with paragraph 2 of this Article.
After the purchase of all shares of the company to be acquired, said shares shall be annulled and the assets, rights and obligation of the company to be acquired shall be transferred to the acquiring company in accordance with a transfer protocol signed by the heads of the executive bodies and chief accountants of the companies in Restructuring and certified with the companies' seals.
2. Selling price of shares of a company to be acquired shall be determined on the basis of the ratio of the equity capital of the company to be acquired to the number of its outstanding shares (except for those purchased back by the company).
The allocation (selling) share price of the acquiring company shall be determined on the basis of the ratio of the equity capital of the acquiring company to the number of its outstanding shares (except for those purchased back by the company).
3. The board of directors of a company to be acquired shall lay before the general meeting of shareholders for its consideration the matter of Restructuring in the form of an acquisition, on the procedure, timing and selling price of the shares of the company to be acquired.
The board of directors of the acquiring company shall lay before the general meeting of shareholders for its decision the matter of reorganising the company in the form of an acquisition by it of another company, on the procedure, timing and allocation (selling) price of shares.
4. A decision on acquisition shall be adopted by a joint general meeting of shareholders of both the acquiring company and company to be acquired by a qualified majority of votes of shareholders of each individual company.
A decision on acquisition of the joint general meeting of shareholders must contain information on the business name, address of each company participating in the acquisition, share selling price of the company to be acquired, allocation (selling) price of the acquiring company, other provisions and the acquisition procedure.
5. A company to be acquired as well as an acquiring company shall be obliged to forward to all their creditors written notices on Restructuring in the form of acquisition and to post appropriate announcements in mass communication media. The transfer protocol shall be attached to a notice as well as information on the business name and address of the acquiring company.
Article 84. Division of a Company
1. Termination of activity of a company by transfer of all its assets, rights and obligations to newly-emerging companies shall be recognized as division of the company. In that respect, the rights and obligations of the company to be divided shall be transferred to the newly-emerging companies in accordance with the division balance sheet.
The sum of the authorised capitals of joint-stock companies emerging as a result of dividing a company shall be equal to the size of the equity capital of the company to be reorganised.
2. All shareholders of a joint-stock company to be reorganised shall be recognised as shareholders of either company to emerge as a result of division.
Shares of the companies to emerge as a result of division shall be allocated among the shareholders of those companies in a number proportionate to the ratio of the shares number of the company to be reorganised that were held by a shareholder, to the number of outstanding shares of the company to be reorganised (except for those purchased back).
3. The board of directors of a company to be reorganised shall lay before the general meeting of shareholders for its consideration the matters of the company's Restructuring in the form of a split, procedure and conditions of division and the matter of approval of the division balance sheet.
4. The general meeting of shareholders of a company to be reorganised shall take a decision on Restructuring in the form of division, on the procedure and conditions of the division and on the approval of a division balance sheet.
5. A company shall be obliged within two months from the date of the adoption by the general meeting of shareholders of a decision on the division, to forward to all its creditors written notices of division and to post appropriate announcement in mass communication media. The division balance sheet shall be attached to a notice.
Article 85. Appropriation of a Company
1. Formation by a company of one or several companies by transferring to them in accordance with a division balance sheet of a portion of assets, rights and obligations of the company to be

reorganised, without terminating its activity shall be recognised as appropriation of a company.
In the case of appropriation the authorised capital of a company to be reorganised shall not be subject to reduction.
The reorganised company shall carry out measures associated with the registration of appropriated companies by justice authorities.
2. The company in Restructuring shall be the sole foundation party of a company to be appropriated.
The size of the authorised company of an appropriated company shall be equal to the difference between the assets and liabilities transferred to it by the reorganised company in accordance with a division balance sheet and it must conform to the requirements established by Article 11 of this Law.
3. The company to be reorganised shall allocate (sell) shares of the company to be appropriated, only to its own shareholders, in that respect, only the shares of the company to be reorganised shall be used as payment. The number of shares to be transferred to the shareholders of the company to be appropriated shall be determined on the basis of the ratio of the balance sheet value of a share of the company to be reorganised and the company to be appropriated.
4. The board of directors of the company to be reorganised shall lay issues of the company Restructuring in the form of appropriation, price of allocation (selling) of shares of the company to be appropriated, procedure and terms of appropriation before the general meeting of shareholders for its consideration as well as a draft division balance sheet.
5. The general meeting of shareholders of the company to be reorganised shall take a decision on Restructuring in the form of appropriation, allocation (selling) price of shares of the company to be appropriated, procedure and terms of appropriation and on the approval of the division balance sheet.
6. A company shall be obliged within two months from the date of adoption by the general meeting of shareholders of a decision on appropriation, to forward to all its creditors written notices on Restructuring in the form of appropriation and to post appropriate announcement in mass communication media. The division balance sheet shall be attached to a notice as well as information on business name, address of each appropriated company.
Article 86. Transformation of a Company
1. A company (except for a non-profit organisation created in the organisational legal form of a joint-stock company) shall have the right to transform itself into a business partnership or a production cooperative, which acquires all the rights and obligations of the company in transformation in accordance with the transfer act.
2. The board of directors of company in transformation shall lay before the general meeting of shareholders for its consideration the matter of transforming the company, procedure and terms for the transformation, procedure for valuation of share participation of participants in a business partnership or unit shares of production cooperative members. A unit share of a participant in a business partnership or a share participation of a production cooperative member shall be determined in proportion to the ratio of the number of the company's shares held by a given participant in the company to be reorganised to the total number of outstanding shares of the company (except for those purchased back).
3. The general meeting of shareholders of the company in transformation shall take a decision on the company's transformation, procedure and terms for the performance of the transformation, procedure for valuation of a share participation in a business partnership or unit shares of production cooperative members and it shall approve the transfer protocol.
4. The participants of the new legal entity which is formed in the course of transformation, shall adopt at their joint session a decision to approve its foundation documents and election of governing bodies in accordance with the legislative acts of the Republic of Kazakhstan.
5. Persons entered in the list of shareholders, which is made as on the date of cancellation of the issue of shares by the registrar of the company, shall become participants in a new legal entity reorganised from the joint-stock company.
Article 87. The Consequences of Failure to Implement a Court Decision on Enforced Restructuring of a Company
1. Where a company's governing bodies authorised to carry out an enforced Restructuring, pursuant to a court decision, in the form of division or appropriation, fail to carry out such Restructuring within the time set forth by such decision, the court shall appoint a trusted administrator meeting the qualification requirements, and it shall entrust to him to carry out the Restructuring in the form of division or appropriation.
2. From the time when the trusted administrator is appointed he shall acquire the powers of the

board of directors and general meeting of shareholders with regard to defining the terms of Restructuring, as specified in Articles 84 and 85 of this Law.
3. The trusted administrator acting on behalf of the company shall compile the division balance sheet and submit it to the court for its consideration together with the foundation documents of the companies formed as a result of division or appropriation, approved by the general meeting. The state registration of the companies formed as a result of Restructuring, shall be carried out on the basis of the court decision.

Article 88. Liquidation of a Company

1. A decision on voluntary liquidation of a company shall be taken by the general meeting of shareholders, and it shall define the liquidation procedure in agreement with the creditors and under their supervision in accordance with the legislative acts of the Republic of Kazakhstan.
2. Enforced liquidation of a company shall be carried out by the court, in the cases specified by the legislative acts of the Republic of Kazakhstan.
A claim to liquidate a company may be filed with the court by interested persons, unless otherwise specified by the legislative acts of the Republic of Kazakhstan.
3. The liquidation commission shall be appointed by the decision on liquidation taken by the court or general meeting.
A liquidation commission shall have the powers to manage the company during its liquidation and commit of acts of which the list is defined by the legislation of the Republic of Kazakhstan.
In the case of a voluntary liquidation, the composition the liquidation commission must comprise representatives of the company's creditors, representatives of major shareholders as well as other persons in accordance with the decision of the general meeting of shareholders.
4. The procedure for the liquidation of a company and the procedure for satisfying the claims of its creditors shall be regulated by the legislation of the Republic of Kazakhstan.
5. In the case of liquidation of a company, its announced shares including outstanding shares, shall be subject to annulment in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

Article 89. Distribution Between Shareholders of the Property of a Company in Liquidation

1. Property of the company in liquidation, remaining after satisfying claims of the creditors, shall be distributed by the liquidation commission between the shareholders in accordance with the following sequence:
1) first line, payments on shares that must be purchased in accordance with this Law;
2) second line, payments of dividends which were accrued but not paid on preference shares;
3) third line, payments of dividends which were accrued but not paid on ordinary shares.
Remaining property shall be distributed between all shareholders in proportion of the number of shares held by them.
2. Claims of each line shall be satisfied after the full satisfaction of claims of the previous line subject to the requirements of paragraph 2 of Article 13 of this Law.
Where the assets of a company in liquidation are insufficient for the payment of the dividends that were accrued but not paid and for compensation of price of the preference shares, said assets shall be fully distributed among that category of shareholders in proportion to the number of shares they hold.

CHAPTER 11. CONCLUDING AND INTERIM PROVISIONS

Article 90. Interim Provisions

1. Companies formed prior to the entry into force of this Law shall be obliged within three years from the date of entry into force of this Law to introduce appropriate amendments to their foundation documents and to bring the size of the authorised capital of the companies into conformity with Article 10 of this Law, based upon the size of the monthly assessment index as established by the law concerning the Republic's budget for the relevant financial year, as of the date of entry into force of this Law, or to carry out Restructuring of the company or its liquidation.
2. The authorised body shall have the right to petition to the court with an application on enforced liquidation of a company or its Restructuring in the form of transformation in the case of its noncompliance
with the requirements established by paragraph 1 of this Article.
3. A company that prior to the entry into force of this Law independently carried out the formation, maintenance and storage of the register of shareholders, shall be obliged to take a decision to select a registrar for the company and to submit to such register the documents which constitute a system of the registers of the company's shareholders shares.

Article 91. The Procedure for the Entry into Force of This Law

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

2. The Law of 10th July 1998 of the Republic of Kazakhstan ‘‘Concerning Joint-Stock Companies’’ (The Bulletin of the Parliament of the Republic of Kazakhstan, 1998, No. 17-18, i. 223; 1999, No. 20, i. 727; No. 24, i. 1072; 2001, No. 23, i. 321; 2002, No. 10, i. 102) shall be recognised as invalid.

President of the Republic of Kazakhstan
N. Nazarbaev