Civil Code of the Republic of Kazakhstan

Unofficial translation

Enforced by the Decree of the Supreme Council of the Republic of Kazakhstan dated December 27, 1994.

Unofficial translation

The numbers "I-III" after the word "Section" in the text are replaced respectively by numbers "1-3" in accordance with the Law of the Republic of Kazakhstan dated 20.12.2004 № 13 (shall be enforced from 01.01.2005).

GENERAL PART

Section I. General Provisions

Chapter 1. Regulation of Civil Law Relations

Article 1. Relations Regulated by Civil Legislation

1. The civil legislation shall regulate goods and monetary relations and other property relations based on the premise of equality of the participants, as well as personal non-property relations linked to property relations. The participants of the relations regulated by the civil legislation are the citizens, legal entities, state and administrative and territorial units.

2. Personal non-property relations not linked to property relations shall be regulated by civil legislation, unless they are otherwise provided for by legislative acts or ensue from the essence of a personal property relation.

3. Civil legislation shall apply to family relations, labor relations and relations associated with the use of natural resources and the protection of the environment, which meet the requirements of paragraph 1 of this Article, in the cases where those relations are not regulated respectively by legislation concerning family, labor, use of the natural resources and protection of the environment.

4. Civil legislation shall not apply to property relations which are based on the administrative or any other power subordination of one party by the other, including tax and other budget relations, except for the cases provided for by legislative acts.

Article 2. The Basic Principles of Civil Legislation

1. Civil legislation shall be based on the principles of the equality of the all parties before the law, the inviolability of property rights, freedom of agreement, prohibition of arbitrary interference of in personal affairs, necessity of free exercise of civil rights, provision for the restitution of violated rights and their defense in the court.

2. Citizens and legal entities shall acquire and exercise their civil rights by their will and in their interests, as well as refuse from their will and in their interest, unless otherwise stipulated by legislative acts. They shall be free on establishing their rights and obligations on the basis of agreements and on specifying any their conditions, which do not contradict legislation.

3. The movement of goods, services and money shall be unrestricted in the entire territory of the Republic of Kazakhstan. However, legislation will be introduced to restrict the circulation of goods and services when it is necessary to protect human safety, the environment and valuable cultural assets.

Footnote. Article 2 as amended by the Laws of the Republic of Kazakhstan dated 11.07.1997 № 154; dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 3. Civil Legislation of the Republic of Kazakhstan

1. The civil legislation of the Republic of Kazakhstan shall be based on the Constitution of the Republic of Kazakhstan and consist of this Code, other laws of the Republic of Kazakhstan adopted in accordance with it, the decrees of the President of the Republic of Kazakhstan having the force of laws, edicts of the Parliament, and edicts of the Senate and Mazhilis (legislative acts), as well as decrees of the President of the Republic of Kazakhstan, decrees of the Government of the Republic of Kazakhstan regulating conduct indicated in paragraphs 1 and 2 of Article 1 of this Code.

2. In case of a contradiction between the provisions of civil law which are contained in the acts of legislation of the Republic of Kazakhstan, except for those indicated in paragraph 3 of Article 1 of this Code, and the provisions of this Code, then the provisions of this Code shall be applied. The provisions of civil law contained in legislation of the Republic of Kazakhstan and contradicting the provisions of this Code may be applied only after the introduction of the appropriate amendments into this Code.

3. relations related to the establishment, reorganization, bankruptcy and liquidation of banks and bakeries, control over banking activities and its audit, control over the activities of bakeries, licensing of certain types of banking operations, restructuring of banks, the consequences of the withdrawal of licenses of banks, the implementation of operations with the warehouse certificates of bakeries, are regulated by this Code in part, not contradicting the legislative acts governing the bank bakery operations.

Relations between banks and their clients, as well as relations between clients through banks, shall be regulated by civil legislation in accordance with the procedure established in paragraph 2 of this Article.

4. Civil relations may be regulated by tradition, including the tradition of business operation, unless it is in contradiction with the civil legislation effective in the territory of the Republic of Kazakhstan.

5. Ministries and other central executive bodies, local representative and executive bodies, may issue acts which regulate civil relations, in the cases and within the limits provided for by this Code, and by other acts of civil legislation.

6. The rights of the citizens and legal entities which are established by this Code and any other legislative acts of the Republic of Kazakhstan may not be restricted by the acts of the bodies of the state administration and local representative and executive bodies. Such acts shall be invalid from the moment of their adoption and must not be applicable.

7. Foreign individuals and legal entities and also stateless persons shall have the right to acquire the same rights and they shall be obliged to fulfill the same obligations which are provided for by civil legislation for the citizens and legal entities of the Republic of Kazakhstan, unless otherwise stipulated by the legislative acts.

8. If an international treaty ratified by the Republic of Kazakhstan establishes different rules than those contained in the civil legislation of the Republic of Kazakhstan, the rules of the indicated treaty shall be applied. The international treaties ratified by the Republic of Kazakhstan shall be applied to civil relations directly, except for the cases where it ensues from a treaty that its application requires the issuing of a domestic Law.

Footnote. Article 3 as amended by the Decree of the President of the Republic of Kazakhstan having the force of Law dated 31.08.95 № 2447; by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 15.01.2001 No 141; dated 29.04.2009 № 154-IV (the order of enforcement see Art. 2); dated 11.07.2009 № 185 (shall be enforced from 30.08.2009); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2018 № 168-VI (shall be enforced upon the expiration of ten calendar days from the date of its first official publication).

Article 4. The Effect of Civil Legislation in Time

1. Civil legislation acts shall not have retroactive force and shall apply to disputes which arise after their entering into force. The legal force of a civil legislation act shall apply to relations which arose prior to its enactment in the cases where it is directly provided for by it.

2. According to the conditions which arose prior to the entering of a civil legislation act into force, it shall be applied to the rights and obligations which arise after its entering into force. Relations of parties to an agreement concluded prior to the enactment of civil legislation act which shall be regulated in accordance with Article 383 of this Code.

Article 5. Application of Civil Legislation by Analogy

1. In the cases where the relations provided for by the paragraphs 1 and 2 of Article 1 of this Code are not regulated directly by legislation or an agreement of the parties and tradition applicable to such relations does not exist, those provisions of civil legislation shall apply, which regulate similar relations (analogy of a statute), unless this contradicts their essence.

2. When it is impossible to use the analogies of law in the indicated cases, the rights and obligations of the parties shall be defined on the basis of the general fundamentals and the spirit of civil legislation as well as the requirements of good faith, reasonableness and fairness (analogy of law).

Article 6. Interpretation of Civil Legislation Provisions

1. Provisions of civil legislation must be interpreted literally. Where the possibility of different understanding of the words used in the text of legislative provisions exists, preference shall be given to that understanding which is consistent with the provisions of the Constitution of the Republic of Kazakhstan and the fundamental principles of civil legislation which are outlined in this Chapter, and first of all in Article 2.

2. When establishing the precise meaning of a provision in civil legislation, it shall be required to consider the historic conditions under which it was introduced and its interpretation in judicial practice, unless it contradicts the requirements specified in paragraph 1 of this Article.

Article 7. Grounds for arising, change and termination of civil rights and obligations";

Civil rights and obligations arise, change and terminate from the grounds provided for by the legislation of the Republic of Kazakhstan, as well as from actions of citizens and legal entities, which, although not provided for by it, but due to the general principles and meaning of civil legislation, generate civil rights and obligations.

In accordance with this, civil rights and obligations emerge, change and terminate:

1) from contracts and other transactions provided for by the legislation of the Republic of Kazakhstan, as well as from transactions, although not provided for by it, but not contradicting to the legislation of the Republic of Kazakhstan;

2) from administrative acts, which, due to the legislation of the Republic of Kazakhstan, entail civil and legal consequences;

3) from a court decision establishing civil rights and obligations;

4) as a result of creation, destruction, acquisition or alienation of property on the grounds not prohibited by legislative acts of the Republic of Kazakhstan, as well as the waiver of property rights;

5) due to creation of inventions, industrial designs, works of science, literature and art and other results of intellectual activity;

6) as a result of causing harm to another person, as well as due to unjustified acquisition or saving of property at the expense of another person (unjust enrichment);

7) due to other actions of citizens and legal entities;

8) due to the events with which the legislation of the Republic of Kazakhstan connects the onset of civil and legal consequences.

Footnote. Article 7 in the new wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 8. The Exercise of Civil Rights

1. Citizens and legal entities shall exercise civil rights belonging to them including the right to protection at their discretion.

2. The refusal of citizens and legal entities to exercise their rights shall not entail the cessation of those rights, except for the cases provided for by legislative acts.

3. The exercise of civil rights must not violate the rights and the interests of any other subjects under legislation, and it must not harm the environment.

4. Citizens and legal entities must act in good faith, reasonably and fairly when exercising their rights, and comply with the requirements contained in legislation and the moral principles of the society. Entrepreneurs must also comply with the rules of business ethics. This obligation may not be excluded or restricted by any agreement. The good faith, reasonableness and fairness of the acts of participants in civil rights relations shall be presumed.

5. Actions of citizens and legal entities aimed at causing harm to another person, abuse of the right in other forms, as well as the exercise of the right in contradiction with its purpose are not allowed.

6. No one has the right to take advantage of his/her bad faith behavior.

7. In case of non-compliance with the requirements provided for in paragraphs 3 - 6 of this article, the court may refuse to protect the right belonging to the person.

Footnote. Article 8 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 9. Protection of Civil Rights

1. Protection of civil rights is carried out by court, arbitration through: recognition of rights; restoration of the situation that existed before infringement of a right; suppression of actions that infringe a right or threaten its infringement; ordering of specific performance; recovery of damages, penalty; recognition of a disputable transaction as invalid and application of consequences of its invalidity, application of consequences of invalidity of a void transaction; compensation for moral harm; termination or change of legal relations; recognition of an act of a government body or local representative or executive body that does not comply with the legislation of the Republic of Kazakhstan as invalid or not applicable; collection of a fine from a state body or official for obstructing a citizen or legal entity from

acquiring or exercising the right, or by other means provided for by legislative acts of the Republic of Kazakhstan.

Legal entities have no right to compensation for moral harm.

The protection of civil rights by compensation for moral damage caused to the consumer as a result of violation of his rights and legitimate interests provided for by the legislation of the Republic of Kazakhstan on the protection of consumer rights may be carried out by subjects of pre-trial settlement of consumer disputes.

2. The appeal for protection of a violated right to a body of power or administration shall not prevent an appeal to the court with an action to protect a right, unless legislative acts specify otherwise.

3. In the cases which are specifically provided for in legislative acts, the protection of civil rights shall be carried out directly by actual or legal acts of the person whose right is violated (self-defense).

4. The person whose right is violated may require the entire restitution of the damages inflicted on him (her), unless otherwise stipulated by legislative acts or the agreement.

The concept of damages means the losses, which are incurred or must be incurred by the person whose right is violated, the loss or the damage of his property (real damage) and also lost profit which this person would have received under the normal conditions of the turnover, should his right have not been violated (lost profits).

5. The losses which are inflicted upon a citizen or a legal entity as a result of issuing by a governmental body of an act which does not comply with legislation, or by any other state body, and also by acts (failure to act) of the officials of those bodies, shall be subject to compensation by the Republic of Kazakhstan or by the relevant administrative and territorial unit.

6. If the emergence of the legal consequences of a violation is related to the guilt of the violator his guilt shall be presumed, except for the cases where legislative acts stipulate otherwise.

Footnote. Article 9 as amended by the Laws of the Republic of Kazakhstan dated 03.07.2013 № 125-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 08.04.2016 № 489-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 25.06.2020 № 346-VI (shall enter into force upon the expiry of ten calendar days after the day of the first official publication).

Article 10. Protection of the Rights of Entrepreneurs and Consumers

1. Enterprise - the independent, initiative activity of citizens, repatriates and legal entities directed to receiving net income by use of property, production, sale of goods, performance of work, rendering services, based on the right of a private property (private enterprise) or on the

right of economic maintaining or operational management of the state enterprise (state enterprise). Entrepreneurial activity shall be carried out on behalf of, for risk and under the property responsibility of the entrepreneur.

2. The state shall guarantee, protect and support the freedom of entrepreneurial activities.

3. The rights of entrepreneurs who carry out activities which are not prohibited by legislation shall be protected as follows:

1) possibility of carrying out entrepreneurial activity without obtaining any permits or sending notifications, except for permits and notifications stipulated by the Law of the Republic of Kazakhstan "On permissions and notifications";

2) by a simplified procedure for the registration of any of entrepreneurship in all economic sectors by one registering authority;

3) by restricting, through legislative acts, those audits which are carried out by the state bodies;

4) by a compulsory termination of entrepreneurial activities based only upon the decision of the court, which is passed on the grounds established by legislative acts;

5) by establishing through legislative acts of the lists of operations ands of goods and services which are prohibited for private entrepreneurship, or restricted for export and import;

6) by holding the state bodies, officials and any other persons and organizations responsible for loss to the entrepreneurs and for illegal impediments to their activities;

6-1) by prohibiting to executive, supervisory and monitoring bodies, to enter into contractual relations with entrepreneurial entities for the matter of performing the obligations which are the function of those bodies;

7) by any other means provided for by legislation.

4. Permission or notification procedure is established by the Law of the Republic of Kazakhstan "On permissions and notifications" depending on the level of danger of the activity or action (operation) in order to protect the life and health of people, environment, property, national security law and order.

Permission procedure is established in cases when the requirements for products, the requirements for mandatory confirmation of compliance, stipulated by the laws of the Republic of Kazakhstan, are insufficient to achieve the objectives of state regulation.

5. A commercial (entrepreneurial) secret shall be protected by law. The procedure for identifying the information which constitutes a commercial secret, the methods of its protection and also the list of information which must not be included among commercial secrets shall be established by legislation.

6. The protection of the rights of consumers shall be ensured by the means provided by this Code and any other legislative acts.

In particular, each consumer shall have the right:

- to freely enter agreements to purchase goods and to employ work and services;
- to proper quality and safety of goods (work, services);

- to full and reliable information on goods (work, services);
- and the right to join public associations of consumers.

Footnote. Article 10 as amended by the Decree of the President of the Republic of Kazakhstan having the force of Law dated 27.01.1996 № 2835, by the Laws of the Republic of Kazakhstan dated July 11, 1997 № 154, dated July 10, 1998 № 283, dated January 12, 2007 № 222 (shall be enforced upon expiry of six months from the date of its publication), dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 16.05.2014 № 203-V (shall be enforced upon expiry of six months after the day its first official publication); dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 13.05.2020 № 327-VI (shall enter into force after the day of introduction of some amendments and additions into the Code of the RK "On taxes and other mandatory payments in budget" (Tax Code)).

Article 11. Prohibition of Abusing the Freedom of Entrepreneurship

1. Monopolistic activities and any other activities aimed to restrict or eliminate legal competition or the extraction of unreasonable advantages by the restriction of rights and legitimate interests of consumers, shall not be allowed.

2. Except for the cases provided for by legislative acts, the use by entrepreneurs of civil rights for the purpose of restricting competition shall not be allowed, in particular:

1) the abuse by entrepreneurs of their dominant position in the market to restrict or terminate the production or reserve from commodity circulation in order to create shortages or increase the prices;

2) making and implementing by persons who carry out similar entrepreneurial activities of agreements concerning prices, subdivision of markets, elimination of any other entrepreneurs or any other conditions which materially restrict competition ;

3) commission of unfair acts which are aimed at restriction of the legitimate interests of a person who performs similar entrepreneurial activities and of consumers (unfair competition), in particular, the misleading of consumers with regard to the manufacturer, designation, method and place of manufacture, quality or any other properties of goods of other entrepreneurs, by way of unfair comparison of goods in advertising and in any other information, copying external design of somebody else's goods and by any other methods.

Measures aimed to control unfair competition shall be established by legislative acts.

Chapter 2. The subjects of the Civil Rights

Paragraph 1. Citizens of the Republic of Kazakhstan and Other Individuals

Article 12. The Definition of an Individual

Citizens of the Republic of Kazakhstan, citizens of other states, as well as stateless persons shall be understood to be individual persons. The provisions of this chapter shall apply to any individual persons, unless they are otherwise established by this Code.

Article 13. The Legal Capacity of Citizens

1. The capacity to have civil rights and bear obligations (civil rights capacity) shall be recognized as equal to all citizens.

2. The legal capacity of a citizen shall arise at the moment of his birth and it shall cease with his death.

Article 14. The principal Contents of the Legal Capacity of a Citizen

A citizen may own property, including foreign currency, both within the Republic of Kazakhstan and abroad, unless otherwise established by the Law of the Republic of Kazakhstan "On Anti-Corruption"; inherit and bequeath property; move freely around the territory of the republic and choose a place of residence; freely leave the republic and return to its territory; engage in any activity not prohibited by legislative acts; create legal entities independently or with other citizens and legal entities; perform any transactions not prohibited by legislative acts and participate in obligations; have intellectual property rights to inventions, works of science, literature and art, other results of intellectual activity; demand compensation for material and moral damage; have other property and personal non-property rights.

Footnote. Article 14 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 19.12.2020 № 384-VI (shall enter into force upon the expiry of ten calendar days after the day of the first official publication).

Article 15. The name of a Citizen

1. A citizen shall acquire and exercise the rights and obligations under his (her) name including the surname and the proper name and at his (her) discretion - the patronymic name.

2. Legislation may provide for cases of anonymous acquisition of the rights and execution of obligations, or the use of a pen name (fictitious name) by citizens.

3. The name which is received by a citizen at his birth and also the change of the name shall be subject to registration in accordance with the procedure established by legislation concerning the registration of civil status acts.

4. A citizen shall have the right to change his name in accordance with the procedure established by legislative acts. The change of name shall not be the basis for the cessation or alteration of his rights and obligations which are acquired under the former name, anonymously or under a pseudonym.

5. A citizen shall be obliged to take appropriate steps to notify his debtors and creditors of a change of his name and he shall bear the risk associated with the consequences which are caused by those persons' unawareness of the change of his name.

6. A citizen who has changed his (her) name shall have the right to require the introduction of the appropriate amendments into the documents formulated for his (her) former name.

7. The acquisition of rights and obligations under the name of a different person shall not be allowed.

8. A citizen has the right to demand prohibition of the use of his name, when this was done without his consent, except for the cases stipulated by the laws of the Republic of Kazakhstan.

9. The harm caused to a citizen as a result of the illicit use of his (her) name shall be subject to compensation in accordance with the provisions of this Code. In the case of a distortion or use of a citizen's name by ways or in a manner which affect his (her) honor, dignity or business reputation, the rules provided by Article 143 of this Code shall be applied.

With distortion or use of a citizen or as a way that affects their honor, dignity and business reputation, the rules provided in Article 143 of this Code shall be applied.

Footnote. Article 15 as amended by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the day of its official publication); dated 21.05.2013 № 95-V (shall be enforced upon expiry of six months after its first official publication).

Article 16. The Place of Residence and Legal Address of a Citizen

1. The populated area where a citizen permanently or predominantly resides shall be recognized as the place of domicile of the citizen.

2. The place of residence of the parents, adopters or guardians of persons who have not reached 14 years of age or citizens who are under guardianship, shall be recognized as their place of domicile.

3. A citizen has a legal address used in relations with individuals and legal entities, as well as the state.

Legal address of the citizen is the place of his (her) registration.

4. A citizen has the right to demand prohibition of the use of information about his place of residence or legal address when this was done without his consent, except for the cases stipulated by the laws of the Republic of Kazakhstan.

Footnote. Article 16 as amended by the Laws of the Republic of Kazakhstan dated 12.01.2007 № 224 (the order of enforcement see Art. 2); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.05.2013 № 95-V (shall be enforced upon expiry of six months after its first official publication); dated 21.05.2024 № 86-VIII (shall enter into force sixty calendar days after the date of its first official publication).

Article 17. The Legal Capacity of Citizens

1. The capacity of a citizen to acquire and exercise civil rights, create for himself (herself) civil obligations and execute them (citizen's deed capacity) shall arise in their entire volume when the citizen reaches the age of majority, that is, upon reaching eighteen years of age.

2. In the case where legislative acts allow entering into marriage prior to reaching eighteen years of age, a citizen who has not reached 18 years of age shall acquire legal capacity in its entire volume from the moment of entering into marriage.

3. All citizens shall have equal legal capacity, unless it is otherwise provided for by legislative acts.

Article 18. The Prohibition of Deprivation and Restriction of Legal Competence and Legal Capacity

1. No one may be restricted in legal capacity and legal capacity otherwise than in the cases and in order to the procedure provided for by legislative acts.

2. The non-compliance with the conditions and the procedure established by legislative acts for restricting the legal competence and the legal capacity of citizens or of their right to engage in entrepreneurial or any other activities shall entail the invalidity of the act of the state body or any other authority which established that restriction.

3. Full or partial refusal of a citizen from legal or dispositive capacity and other transactions aimed at limiting legal or dispositive capacity are null and void, except for cases when such transactions are permitted by legislative acts.

Footnote. Article 18 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 19. Entrepreneurial Activities of Citizens

1. Citizens shall have the right to engage in entrepreneurial activities without creating legal entities except for the cases provided for by this Code and other legislative acts.

2. State registration of individual entrepreneurs is their registration as an individual entrepreneur.

3. The rules of this Code which regulate activities of the legal entities which are commercial organizations shall apply accordingly to entrepreneurial activities of citizens which are performed without formation of a legal entity, unless they otherwise ensue from legislation or from the essence of the legal relations.

4. Individuals are subject to state registration as an individual entrepreneurs in accordance with the Entrepreneural Code of the Republic of Kazakhstan.

4-1. Is excluded by Law of the Republic of Kazakhstan No 122-VI dated 25.12.2017 (shall be enforced from 01.01.2018).

5. If an individual entrepreneur carries out activities subject to licensing, he must have a license to carry out such activities.

A license is issued in the order established by the legislation of the Republic of Kazakhstan on permissions and notifications.

The Government of the Republic of Kazakhstan has the right to establish a simplified procedure for issuing licenses to individual entrepreneurs.

Footnote. Article 19 as amended by the Laws of the Republic of Kazakhstan dated 02.07.1997 № 144; dated 24.12.2001 № 276 (shall be enforced from January 1, 2002); dated 10.12.2008 № 101-IV (shall be enforced from 01.01.2009); dated 30.06.2010 № 297-IV (shall be enforced from 01.01.2013); dated 26.12.2012 № 61-V (shall be enforced from 01.01.2013); dated 16.05.2014 № 203-V (shall be enforced upon expiry of six months after the day its first official publication); No 122-VI dated 25.12.2017 (shall be enforced from 01.01.2018).

Article 20. Property Liability of a Citizen

1. A citizen shall be liable for his (her) obligations with all the property he (she) has, except for the property upon which in accordance with legislative acts claims may not be imposed.

2. Is excluded by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Footnote. Article 20 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 20-1. Restoration of solvency and bankruptcy of a citizen of the Republic of Kazakhstan

1. In case of inability to meet the claims of the creditor (creditors), procedures for restoring solvency, extrajudicial or judicial bankruptcy shall be applied to the citizen on the terms and in the manner provided for by the Law of the Republic of Kazakhstan “On restoring solvency and bankruptcy of citizens of the Republic of Kazakhstan”.

2. This article shall not apply to individuals registered as individual entrepreneurs as statutorily required by the legislation of the Republic of Kazakhstan.

Footnote. Chapter 2 shall be supplemented by Article 20-1 in accordance with the Law of the Republic of Kazakhstan dated 30.12.2022 № 179-VII (shall be enforced sixty calendar days after the date of its first official publication).

Article 21. Bankruptcy of an individual entrepreneur

1. Insolvency of an individual entrepreneur (Article 52 of this Code) is the basis for declaring him bankrupt.

2. Bankruptcy of an individual entrepreneur shall be recognized in voluntary or compulsory order according to the rules set up by the Legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy. Since the recognition of an individual entrepreneur as a bankrupt, his registration as an individual entrepreneur is no longer valid.

3. When applying the bankruptcy procedures to an individual entrepreneur, his creditors for obligations not related to entrepreneurial activity are also entitled to submit their claims if the due date for such obligations has come. The claims of these creditors, not submitted by them in this order, as well as claims that were not fully satisfied from the insolvency estate, remain in force and can be brought to collection to the debtor as an individual after the bankruptcy proceedings are completed. The amount of these claims shall be reduced by the amount of satisfaction received in the bankruptcy process of the debtor.

Footnote. Article 21 in the new wording of the Law of the Republic of Kazakhstan dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); as amended by the Law of the Republic of Kazakhstan dated 27.12.2019 № 290-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication)

Article 21-1. Rehabilitation procedures for an individual entrepreneur

A debtor registered as an individual entrepreneur may be subject to any measures not contradictory to the Legislation of the Republic of Kazakhstan aimed at restoring his solvency in order to prevent the termination of his entrepreneurial activity.

These measures shall be implemented under a rehabilitation procedure, the procedure and terms of implementation of which shall be determined by the Legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy.

Footnote. Chapter 2 supplemented by Article 21-1 in accordance with the Law of the Republic of Kazakhstan dated 27.12.2019 № 290-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 22. Legal Capacity of Minors at the Ages from Fourteen to Eighteen

1. Minors at the age from fourteen to eighteen shall enter into transactions with the consent of their legal representatives. The form of such consent must be consistent with the form which is established by legislation for transactions entered into by minors.

2. Minors from fourteen to eighteen years old shall have the right to independently dispose of their wages, grants and any other income and the intellectual property rights associated with the paragraphs created by them, and also to enter into small day-to-day transactions.

3. If there are sufficient grounds, the court may limit or deprive the minor of the right to independently use his earnings, scholarships, other incomes and the objects of intellectual property rights created by him.

4. Minors at the age from fourteen to eighteen shall independently bear responsibility with regard to the transactions committed by them in accordance with the rules of this Article and they shall be held responsible for any harm caused by their acts, in accordance with the rules of this Code.

Footnote. Article 22 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 31.10.2015 № 378-V (shall be enforced from 01.01.2016).

Article 22-1. Announcement of a Minor's Full Legal Capacity (Emancipation)

1. A minor who has reached the age of 16 may be declared emancipated if he (she) works under an employment contract or with the consent of his (her) legal representatives is engaged in entrepreneurial activities.

2. The Declaration of a minor's full legal capacity (emancipation) shall be carried out by decision of the tutelage and guardianship authorities with the consent of their legal representatives or in the absence of such agreement, by a court decision.

3. An emancipated minor shall have civil rights and obligations (including for obligations which have arisen as a result of harm inflicted by him/her), except those rights and obligations for the acquisition of which by the legislative acts of the Republic of Kazakhstan is the age limit.

Legal representatives are not liable for the obligations of an emancipated minor.

Footnote. The Code is supplemented by Article 22-1 in accordance with the Law of the Republic of Kazakhstan dated 12.01.2007 № 225 (shall be enforced from the date of its official publication); amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 23. The Legal Capacity of Minors Under Fourteen (Children)

Footnote. The title of Article 23 as amended by the Law of the Republic of Kazakhstan dated 25.03.2001 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

1. For minors (children) who have not reached 14 years of age transactions shall be committed by their legal representatives on their behalf, unless otherwise provided for by legislative acts.

2. Minors (children) under the age of fourteen years shall have the right to independently enter only into small day-to-day transactions which are performed at the moment of their instigation.

Footnote. The Article 23 as amended by the Law of the Republic of Kazakhstan dated 25.03.2001 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 24. The Consent of the Bodies of Guardianship and Sponsorship to Commitment of Transactions by Minors and on Behalf of Minors

Legislative acts may establish cases where the commitment of a transaction by a minor and on behalf of a minor shall require prior consent of the guardianship or sponsorship authorities.

Article 25. The Right of Minors to Lodge Savings into Banks and to Dispose of Savings

1. Minors shall have the right to lodge their savings in banks and to independently dispose of their savings which are lodged by themselves.

2. Savings which are lodged by somebody else on behalf of minors who have not reached fourteen years of age, shall be managed of by their parents or any other legitimate representatives, while minors who have reached fourteen years of age may independently dispose of savings lodged on their behalf by somebody else.

Footnote. Article 25 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 26. The Recognition of a Citizen as Legally Incapable

1. A citizen who, as a result of psychiatric disease or mental disability, cannot understand the meaning of his (her) acts or direct them, may be recognized by the court as incapable, and in this connection, guardianship shall be established over him (her).

2. On behalf of citizens recognized as incapable, the transactions shall be carried out by his (her) guardian.

3. In the case of a recovery or a significant improvement of the health of the incapable person, the court shall recognize him (her) as capable, after which guardianship shall be alleviated over him (her).

Article 27. Restriction of Citizen's Legal Capacity

1. A citizen who, as a result of abuse of gambling, betting, alcoholic beverages or narcotic substances, shall put his family in a difficult financial situation may be limited by the court in legal capacity in the order established by the Civil Procedure Code of the Republic of Kazakhstan. Guardianship shall be established over him. He shall have the right to

independently make small household transactions. He can make other transactions, as well as receive earnings, pensions and other income and dispose of them only with the consent of the trustee.

2. When a citizen ceases to abuse gambling, betting, alcohol or narcotic substances, the court cancels the restriction of his legal capacity. On the basis of a court decision, guardianship imposed on a citizen shall be canceled.

Footnote. Article 27 as amended by the Law of the RK dated 02.07.2020 № 356-VI (shall enter into force upon the expiry of ten calendar days after the day of the first official publication).

Article 28. The Recognition of a Citizen as Missing

1. Pursuant to the application of interested persons a citizen may be recognized by the court as missing, if within one year in the place of his (her) domicile there is no information on his (her) whereabouts.

2. When it is impossible to establish the date of receipt of the last information concerning the missing person, the beginning of the absence shall be deemed to be the first date of the month following the one in which the last information was received on the absentee, and if it is impossible to establish that month, - it shall be the first of January of the following year.

Article 29. The Protection of Property of a Missing Person

1. On the basis of a court decision, guardianship shall be established with regard to the property of a person who is recognized as missing. Subsistence shall be paid from that property to the persons whom the missing person was to support, and his debts shall be repaid with regard to taxes and any other liabilities.

2. Pursuant to the application of the interested persons, the guardianship and tutorship authority may appoint an administrator to guard and manage the property until the one year expires after the date when last information concerning the location of the missing person was received.

Article 30. The Abolition of a Decision to Recognize a Person as Missing

In the case of arrival or the establishment of the locations of a person who is recognized as missing, the court shall abolish its decision to recognize him (her) as missing and to establish guardianship over his (her) property.

Article 31. The Announcement of a Citizen as Deceased

1. Pursuant to the application of interested persons, a citizen may be announced by the court as deceased, if there is no information about him (her) in the place of his domicile for

three years; and, if he disappeared under circumstances which threatened death or which give grounds to assume his death in an accident, for six months.

2. A military serviceman, or any other person who is missing in connection with military actions, may be announced deceased not earlier than upon the expiry of two years from the date of the termination of the military operations.

3. The date of the death of a person who is announced as deceased shall be deemed to be the day that the decree of the court, which announced him (her) as deceased, enters into legal force. In the cases of announcing persons as deceased, a person who is missing under circumstances which threaten death or which invoke the assumption of his death in an accident, the court may recognize the date of the assumed death of this person as the date of his death.

4. When the decision of a court announcing a person as deceased enters into legal force, his death shall be entered into the books for the registration of civil status acts. The consequences of such an entry shall be the same as of an entry of actual death.

Article 32. The Consequences of the Appearance of a Person Announces as Deceased

1. In the case that a person who has been announced as deceased, re-appears or his (her) location is established, the relevant court decision shall be annulled.

2. Irrespective of the time of his (her) re-appearance, the citizen may claim the return of remaining assets which were free of charge transferred to persons after the announcement of the citizen as deceased, from those persons.

3. If the property of a person announced as deceased, was sold by his (her) legal successor to third persons who by the time of re-appearance failed to pay the full purchase price, then the person who reappeared shall have the right to claim the outstanding amount.

4. The persons to whom the property of a citizen who was announced as deceased was transferred through commercial transactions, shall be obliged to return to him (her) that property; and in case they do not have it, they must compensate for its value, if it is proved that at the time of the acquisition of the property they knew that the citizen who was announced deceased, was alive.

5. The alienator of the assets who knew at the moment of the alienation that the person announced as deceased is alive, shall bear, jointly with the buyer, the responsibility to return or compensate the value of the property.

6. When the property of a person who is announced as deceased was transferred to the State under its right to inherit and was sold, then, after the abolition of the decision to announce the person as deceased, he (she) shall be repaid the amount which is received from selling his (her) property subject to its market value as on the date of the payment.

Paragraph 2. Legal Entities

Footnote. Parts III, IV, V should be considered as the Parts V, VI, VII by the Law of the Republic of Kazakhstan dated July 10,1998 № 282.

I. General Provisions

Article 33. The Definition of a Legal Entity

1. An organization which pursue the recovery of income as the primary purpose of the activity (commercial organization) or doesn't have gaining income as a goal and doesn't distribute any net income between the parties (non-profit organization) shall be recognized as the legal entity.

2. A legal entity has a seal with its name. This requirement does not apply to legal entities that are entities of private entrepreneurship, except for the cases provided for by this Code and the laws of the Republic of Kazakhstan.

Footnote. Article 33 as amended by the Law of the Republic of Kazakhstan dated 29.12.2014 № 269-V (shall be enforced from 01.01.2015).

Article 34. Thes and Forms of Legal Entities

1. A legal entity may be an organization which pursues the extraction of profits income as the principal purpose of its activities (commercial organization), or which does not have the extraction of profits income as such a goal and which does not distribute earned profits, earned net income between its participants (non-commercial organization).

2. A legal entity which is a commercial organization (enterprise) may be created solely in the form of a state-owned enterprise, business partnership, joint-stock company or production cooperative.

3. A legal entity, which is a non-commercial organization, may be created in the form of an institution, public association, joint-stock company consumer co-operative, public foundation, religions association and any other form which is provided for by legislative acts. A non-commercial organization may engage in entrepreneurial activity only for as long as it is consistent with the objectives of its charter.

3-1. A legal entity that is a non-commercial organization and maintained at the expense of the state budget may be formed exclusively in the form of a state-owned institution.

4. Legal entities may create associations.

5. A legal entity shall act on the basis of this Code, the Law concerning each of legal entities, any other legislative acts and their foundation documents.

Footnote. Article 34 as amended by the Laws of the Republic of Kazakhstan dated 11.07.1997 № 154; dated 02.03.1998 № 211; dated 10.07.1998 № 282; 16.12.1998 № 320; dated 12.01.2007 № 225 (shall be enforced from the date of its official publication); dated 27.04.2012 № 15-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 35. The Legal Competence of a Legal Entity

1. A legal entity may have civil rights and bear obligations associated with its activity in accordance with this Code.

Commercial organizations, except for state-owned enterprises, may have civil rights and bear civil obligations, which are necessary for the exercise of anys of activity which are not prohibited by legislative acts or their foundation documents.

In the cases stipulated by legislative acts, an opportunity to engage in another activity may be prohibited or restricted for legal entities carrying out certains of activity.

A legal entity may engage in certains of activities, the list of which is defined by legislative acts, only on the basis of a license.

2. Legal capacity of a legal entity emerges at the time of its establishment and terminates at the time of completion of its liquidation. Legal capacity of a legal entity in the field of activity for which a permit is required emerges from the moment of obtaining such permit and terminates at the time of its withdrawal, expiration of validity or invalidation in accordance with the procedure established by legislative acts of the Republic of Kazakhstan.

3. The legal competence of a legal entity who is a non-commercial organization and maintained solely at the expense of the state budget (state institution) shall be defined by this Code and other legislative acts of the Republic of Kazakhstan.

Footnote. Article 35 as amended by the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211; dated December 16, 1998 № 320; dated 16.05.2014 № 203-V (shall be enforced upon expiry of six months after the day its first official publication).

Article 36. The Rights of Founders (Participants) with regard to the Property of the Legal Entities Formed by Them

1. The founders (participants) of a legal entity may have obligatory or corporeal rights with regard to the separate property of the legal entity.

2. Business partnerships, joint-stock companies and co-operatives shall be recognized as legal entities which property remains under the obligatory rights of their participants (foundation parties).

3. The organizations which hold their property under the right of economic jurisdiction or under the right of operational management shall be recognized as legal entities which properties remain under the right of ownership or under other corporeal rights of their foundation parties.

4. Public associations, public foundations and religious associations shall be recognized as legal entities which properties don’t remain under the right of ownership of their foundation parties.

5. The rights of the founders (participants) to the property of the legal entities and other legal forms that they have created, are determined by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 36 as amended by the Laws of the Republic of Kazakhstan dated 10.07.1998 № 282, dated 12.01.2007 № 225 (shall be enforced from the day of its official publication), dated 27.04.2012 № 15-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 37. Bodies of a Legal Entity

1. A legal entity shall acquire civil rights and assume obligations only through its bodies which operate in accordance with legislative acts and the foundation documents.

2. Thes of the procedure for appointing or electing the bodies of a legal entity and their powers shall be defined in legislative acts and the foundation documents.

Footnote. Article 37 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 38. The name of a Legal Entity

1. A legal entity shall have its name, which permits to distinguish it from any other entities.

The name of a legal entity shall consist of its name and an indication of its organizational and legal form. It may contain any additional information provided for by legislation.

The name of a legal entity shall be indicated in its foundation documents.

It shall be prohibited to use in the name of a legal entity, names which contradict the requirements of legislation or the norms of public ethics; the proper names of persons, unless they coincide with the names of participants, or where the participants failed to obtain the permission from those persons (their heirs) to use the proper name;

2. Under a specific name, a legal entity shall be included into the National Register of Business Identification Numbers.

The name of the legal entity shouldn’t entirely or partly duplicate the name of the legal entities registered in the Republic of Kazakhstan.

The name of a legal entity which is a commercial organization, after the registration of the legal entity, shall be its business name.

A legal entity shall have an exclusive right to use its business name. A person who illicitly uses somebody else's business name must terminate the use of such a name and to compensate the losses caused, pursuant to the requirement of the owner of the right to the business name.

The rights and obligations of a legal entity which are associated with the use of a business name shall be determined in legislation.

3. *(is excluded № 276 dated 12.24.2001)*

4. The use of references to official names of the state bodies of the Republic of Kazakhstan established by legislative acts, acts of the President and Government of the Republic of Kazakhstan in the business names, service signs, trademarks of the legal entities which are not state bodies shall be prohibited.

Footnote. Article 38 as amended by the Laws of the Republic of Kazakhstan dated 15.07.1996 № 30, dated 02.03.1998 № 211, dated 16.07.1999 № 440, dated 24.12.2001 № 276 (shall be enforced from 01.01.2002), dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 39. The Location of a Legal Entity

1. The place where the permanently operating body of a legal entity is situated shall be recognized as the location of that legal entity.

2. The location of a legal entity shall be indicated in its foundation documents with the inscription of its full address.

3. In relations with third parties, a legal entity is not entitled to refer to the inconsistency of the actual address with the address entered in the National Register of Business Identification Numbers. At that, third parties are entitled to send mail and other correspondence to the legal entity both at the address entered in the National Register of Business Identification Numbers and at the actual address.

Footnote. Article 39 as amended by the Law of the Republic of Kazakhstan dated March 2 , 1998 № 211; dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 40. The Founders of a Legal Entity

1. A legal entity may be founded by one or several founders.

2. The owners of the property or the bodies and persons authorized by them, and any other legal entities in the cases specifically provided for by legislative acts may be founders of a legal entity. At the same time the legal entities which own the property on the basis of a right of economic jurisdiction or operational management, may be the founders of other legal entities with the consent of their owners or the bodies authorized by their owners except the cases provided for by the Laws of the Republic of Kazakhstan.

3. The founders of the legal entity cannot have any advantage over other members of the legal entity, who are not its founders, except in cases stipulated by legislative acts of the Republic of Kazakhstan.

Footnote. Article 40 as amended by Laws of the Republic of Kazakhstan dated 16.05.2003 № 416, dated 18.02.2011 № 408-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 41. Foundation Documents of a Legal Entity

1. Unless otherwise provided by this Code and legislative acts of the Republic of Kazakhstan, a legal entity carries out its activities on the basis of:

1) the charter and the constituent treaty;

2) the charter;

3) the charter and a written decision on establishment of a legal entity (decision of the sole founder) if a legal entity is established by one person.

In cases provided by legislative acts of the Republic of Kazakhstan, a legal entity that is a non-profit organization may act on the basis of a general provision on organizations of this type or a model charter, the content of which is determined by the relevant authorized state authority.

A legal entity that is a subject of small, medium and large scale business may carry out its activities on the basis of a standard charter, the content of which is determined by the Ministry of Justice of the Republic of Kazakhstan.

2. The foundation agreement of a legal entity shall be entered into and its charter shall be approved by its foundation parties. No foundation agreement shall be entered into if a commercial organization is established by one person.

3. The foundation documents of a non-commercial organization and of a state-owned enterprise, must define the objects and aims of the activities of that legal entity.

Foundation documents of a business partnership, joint-stock company and a production cooperative may provide the objectives and purposes of their activity.

4. In the foundation agreement parties (founders) undertake to create a legal entity, define the procedure for their joint activities to create it, the conditions for the vesting into its ownership (business authority, operational management) of their property and for their participation in its activities. The agreement shall also define the terms and procedure for the distribution of net income between the founders, management of the business of the legal entity, cessation of founders and approve its charter, unless it is otherwise provided for by this Code or legislative acts concerning specifics of legal entities.

Any other provisions may be included into a foundation agreement by the consent of the founders.

4-1. The decision of the sole founder shall contain the provisions of transfer of ownership (economic management, operational management) the property and other solutions that do not contradict to the legislation of the Republic of Kazakhstan.

The decision of the sole founder-legal entity is taken by the authorities that have the right to make such decisions in accordance with the legislation of the Republic of Kazakhstan and the charter of the legal entity.

5. The name of a legal entity, its location, procedure for the formation and the competence of its bodies, provisions of the reorganization and termination of its activities shall be provided I n the charter.

If a legal entity is established by one person, then a procedure of the formation of the property and the distribution of profits shall also be defined in its charter.

Other provisions which do not contradict legislation may be specified in a charter.

6. In the case of contradictions between the foundation agreement and the charter of the same legal entity, their provisions must apply as follows:

1) those of the foundation agreement, when they are associated with internal relationship of founders;

2) those of the charter, when their application may have significance for relations of the legal entity with third persons.

7. Any interested parties shall have the right to peruse the charter of a legal entity.

Footnote. Article 41 as amended by the Laws dated 15.07.1996 № 30; dated 19.06.1997 № 132; dated 11.07.1997 № 154; dated 02.03.1998 № 211; dated 22.04.1998 № 221, dated 10.07.1998 № 282, dated 16.05.2003 № 416, dated 12.01.2007 № 225 (shall be enforced from the day of its official publication), dated 04.07.2008 N 54-IV (the order of enforcement see Art. 2), dated 08.12.2009 № 225 - IV (the order of enforcement see Art. 2), dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 26.12.2019 № 284-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 42. The State Registration and Re-Registration of Legal Entities

1. A legal entity which is a non-profit organization is subject to state registration with the judicial authorities.

A legal entity that is a commercial organization is subject to state registration with the State Corporation "Government for Citizens", except for cases stipulated by the legislative acts of the Republic of Kazakhstan.

The procedure for state registration shall be determined by the legislation of the Republic of Kazakhstan.

2. State registration data, including the name of legal entities, and for commercial organizations - the company name, are included in the National Register of Business Identification Numbers.

3. A legal entity shall be deemed to be created from the moment of its state registration.

4. Branches and representations shall be registered in accordance with the procedure established by legislative acts.

Branches and representations shall be subject to re-registration in the event that they change their name.

5. Violation of legal entity formation procedure established by the law or noncompliance of its foundation documents with the law shall cause the refusal to register the legal entity. The refusal to register on the basis of non-expedience of the formation of a legal entity shall not be allowed.

The refusal of state registration, as well as the evasion of such registration, may be appealed in accordance with the procedure established by the Laws of the Republic of Kazakhstan.

6. A legal entity shall be subject to re-registration in the following cases:

1) reduction of the size of the charter capital;

2) change of name;

3) alteration of the membership of participants in business partnerships (except for the business partnerships, in which maintaining of the register of members of an business partnership is carried out by the professional participant of the paper market, who carries out activities in maintaining the system of registers of securities holders).

Amendments introduced to foundation documents on specified grounds shall be invalid without the re-registration of the legal entity.

Footnote. Article 42 as amended by the Laws of the Republic of Kazakhstan dated 15.07.1996 № 30; dated 11.07.1997 № 154; dated 02.03.1998 № 211; dated 10.07.1998 № 282; dated 16.05.2003 № 416; dated 08.07.2005 N 72 (the order of enforcement see Art. 2); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its official publication); dated 28.12.2011 № 524-IV (the order of enforcement see Art. 2); dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.04.2019 № 241-VI (shall be enforced dated 01.07.2019); dated 29.06.2020 № 351-VI (shall enter into force from 01.07.2021).

Article 43. Branches, representative offices and other separate structural subdivisions of a legal entity

1. A branch is a separate subdivision of a legal entity located outside its location and carrying out all or part of its functions, including the representation functions.

2. A representative office is a separate subdivision of a legal entity located outside its location and carrying out protection and representation of the interests of a legal entity that performs transactions and other legal actions on its behalf, except for the cases provided for by legislative acts of the Republic of Kazakhstan.

3. Branches and representative offices are not legal entities. They are endowed with property by the legal entity that created them and act on the basis of the provisions approved by them.

4. Legal entities have the right to establish other separate structural subdivisions, except for the cases established by laws.

Another separate structural subdivision of a legal entity is a territorially separate subdivision, at the location of which there are stationary workplaces that perform part of the functions of a legal entity. The workplace is considered stationary if it is created for a period of more than one month.

Another separate structural subdivision of a government agency is established in cases directly stipulated by laws.

5. Heads of structural subdivisions (branches and representative offices) of public associations are elected in accordance with the procedure stipulated by the charter of the public association and the regulations on its branch or representative office.

Heads of structural subdivisions (branches and representative offices) of religious associations are elected or appointed in accordance with the procedure stipulated by the charter of a religious association and the regulations on its branch or representative office.

Heads of branches and representative offices of other forms of legal entities are appointed by the authorized body of a legal entity and act on the basis of its power of attorney.

Footnote. Article 43 in the new wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 44. The Liability of a Legal Entity

1. Legal entities, except for special financial companies, state Islamic special financial companies, financed by the founder of institutions and state enterprises, are responsible for their obligations with all their property.

An institution shall be liable for its obligations with the funds at its disposal. When those are not sufficient the liability for the obligations of an institution shall be borne by its founder.

A public enterprise shall be liable for its obligations with the funds at its disposal.

When funds of a state owned institution are not sufficient, the liability for its obligations shall be borne by the Government of the Republic of Kazakhstan or the administrative-territorial unit by the means of the appropriate budget.

Special financial company shall be responsible for its obligations in manner required by the legislation of the Republic of Kazakhstan on project financing or securitization.

A state Islamic special financial company is responsible for its obligations with the money at its disposal.

2. An founder (participant) of a legal entity or the owner of its property shall not be liable under its obligations, and the legal entity shall not be liable under obligations of founder (

participant) of the legal entity, or of the owner of its property, except for the cases stipulated by this Code, other legislative acts, or the foundation documents of a given legal entity.

3. The founder (participant) and (or) an official found guilty of intentional bankruptcy in the proceedings on administrative offenses or criminal proceedings, in case of insufficient funds from a legal entity following the results of bankruptcy proceedings, shall bear subsidiary liability to creditors.

4. A legal entity shall bear liability before third persons under obligations assumed by a body of the legal entity in excess of its powers established by the foundation documents, except for cases stipulated in paragraph 11 of Article 159 of this Code.

Footnote. Article 44 as amended by the Laws of the Republic of Kazakhstan dated July 11 , 1997 № 154; dated March 2, 1998 № 211; dated December 16, 1998 № 320; dated November 4, 1999 № 472; dated May 20, 2003 № 417; dated February 20, 2006 № 127 (the order of enforcement see Art. 2); dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated 01.03.2001 № 414-IV (shall be enforced from the date of its first official publication); dated 12.01.2012 № 539-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 27.12.2019 № 290-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 29.06.2020 № 351-VI (shall enter into force from 01.07.2021).

Article 45. Reorganization of a Legal Entity

1. Reorganization of a legal entity (merger, acquisition, division, separation, transformation) shall be carried out upon the decision of the owner of property or the body authorized by the owner, the founders (participants), and also the body authorized by the constituent documents of the legal entity, or by decision of the judicial bodies, stipulated by legislative acts of the Republic of Kazakhstan. Legislation of the Republic of Kazakhstan may provide for other forms of reorganization.

A legal entity shall be reorganised as a voluntary accumulative pension fund, insurance (reinsurance) organisation, Insurance Indemnity Guarantee Fund, special financial company, payment organisation, microfinance organisation with due regard to the specifics envisaged by the laws of the Republic of Kazakhstan on social protection, insurance and insurance activity, Insurance Indemnity Guarantee Fund, project financing and securitisation, payments and payment systems, microfinance activity.

Reorganization of the joint-stock companies shall be carried out taking into account the peculiarities established by the legislation act of the Republic of Kazakhstan concerning joint-stock companies.

2. Reorganization may be conducted voluntarily or compulsorily.

3. A compulsory reorganization may be effected pursuant to the decision of judicial bodies in the cases specified by legislative acts.

If the owner of the property of a legal entity, a body authorized by it, its founders or a body of a legal entity which is authorized to reorganize it by the foundation documents does not perform the reorganization of the legal entity within the term defined in the decision of the judicial body, the court shall appoint an administrator of the legal entity and order him (her) to carry out the reorganization of the legal entity. From the moment of the appointment of the administrator all the powers associated with the management of the legal entity's business shall be transferred to him (her). The administrator shall act on behalf of the legal entity in the court of law, compile the dividing balance sheet and present it for the approval of the court together with the foundation documents of the legal entities which emerge as a result of the reorganization of the legal entities. The approval by the court of the indicated documents shall be the basis for the state registration of the newly-emerged legal entities.

4. A legal entity shall be regarded to be reorganized, except for the case of reorganization in the form of acquisition, from the moment of the registration of the newly-emerged legal entities.

When reorganizing a legal entity by merging with another legal entity, the first of them is considered to be reorganized from the moment of entering information on termination of activities of the affiliated legal entity into the National Register of Business Identification Numbers.

Footnote. Article 45 as amended by the Laws of the Republic of Kazakhstan dated 19.06.1997 № 134; dated 18.12.200 № 128; dated 08.07.2005 № 72 (the order of enforcement see Art. 2); dated 20.02.2006 № 127 (the order of enforcement see Art. 2); dated 30.12.2009 № 234-IV; dated 12.01.2012 № 539-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 26.07.2016 № 12-VI (shall be enforced upon expiry of thirty calendar days after the day its first official publication); dated 12.07.2022 № 138-VII (shall be enforced sixty calendar days after the date of its first official publication); № 226-VII of 20.04.2023 (shall take effect from 01.07.2023).

Article 46. The Legal Succession when Legal Entities are Reorganized

1. When legal entities merge, the rights and obligations of each of them shall be transferred to the newly-emerged legal entity in accordance with the delivery acceptance act.

2. When a legal entity is acquired by any other legal entity, the rights and obligations of the acquired legal entity shall be transferred to the latter in accordance with the delivery acceptance act.

3. When a legal entity is divided, its rights and obligations shall be transferred to the newly-emerged legal entities in accordance with the dividing balance sheet.

4. When one or several legal entities are appropriated out of a legal entity, the rights and obligations of the reorganized legal entity shall be transferred to each one of them in accordance with the dividing balance sheet.

5 . When a legal entity of one is transformed into a legal entity of another (altering its organizational and legal form), the rights and obligations of the reorganized legal entity shall be transferred to the newly-emerged legal entity in accordance with the delivery acceptance act.

Article 47. The Delivery Acceptance Act and Diving Balance Sheet

1. The property rights and obligations of a reorganized legal entity shall be transferred to the newly created legal entity: in accordance with the delivery acceptance act in the case of mergers and acquisitions; and in accordance with the dividing balance sheet in the case of divisions and appropriations.

The delivery acceptance act and dividing balance sheet must contain the provisions concerning the legal succession with regard to all the obligations of the reorganized legal entity with regard to all its creditors and debtors, including the obligations which are challenged by parties.

2. The delivery acceptance act and dividing balance sheet shall be approved by the owner of the property of the legal entity or by the body which adopted the decision to reorganize the legal entity, and submitted together with the foundation documents for the registration of the newly-emerged legal entities or the introduction of amendments to the foundation documents of existing legal entities.

Failure to present an appropriate delivery acceptance act or dividing balance sheet together with the foundation documents and also the absence of provisions concerning legal succession with regard to the obligations of the reorganized legal entity in them shall entail the denial of the state registration of the newly emerged legal entities.

3. Property (rights and obligations) shall be transferred to a legal successor at the moment of its registration, unless otherwise provided for by legislative acts or in the decision concerning the reorganization.

Article 48. The Guarantees of the Rights of Creditors of a Legal Entity in the Case of its Reorganization

1. Owner of property of a legal entity or the body that made the decision to reorganize a legal entity shall be obliged to notify the creditors of the reorganized legal entity thereof in writing. The period for filing claims may not be less than two months from the receipt of notices by the creditors of the reorganized legal entity.

2. In the case of division or appropriation the creditor of a legal entity under reorganization shall have the right to demand a premature termination of the obligations, the debtor under which is that legal entity and compensation of losses.

3. If the dividing balance sheet does not provide for any possibility to identify the legal successor of the reorganized legal entity or the legal successor has not enough property to fulfill the obligations aroused prior to the reorganization the newly-emerged legal entities as well as the legal entity from which another legal entity was appropriated shall be jointly and severally responsible for the obligations of the reorganized legal entity before its creditors.

Footnote. Article 48 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 02.04.2010 № 262-IV (shall be enforced from 21.10.2010); dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 49. Grounds for the Liquidation of a Legal Entity

1. Upon the decision of the owner of its property or the body authorized by the owner, as well as the body of the legal entity authorized by the constituent documents, the legal entity may be liquidated for any reason.

Liquidation of a legal entity - voluntary accumulative pension fund, insurance (reinsurance) organisation, Insurance Benefits Guarantee Fund, special financial company shall be performed with due regard to the specifics envisaged by the laws of the Republic of Kazakhstan on social protection, insurance and insurance activity, Insurance Benefits Guarantee Fund, project financing and securitisation.

2. A legal entity may be liquidated in accordance with a court decision in the following cases of:

1) bankruptcy;

2) recognition of registration of a legal entity as invalid, because of violations of legislation made in the formation of that legal entity, which cannot be eliminated;

3) the absence of a legal entity, as well as the founders (participants) and officers, without which a legal entity may not operate for one year, at its location or the actual address;

4) carrying out of activities in gross violation of the legislation:

systematically carrying out of activities contradicting the statutory purposes of the legal entity;

carrying out activities without a proper license or activities prohibited by legislative acts;

5) in any other cases specified by legislative acts.

3. The claim to liquidate a legal entity on the grounds indicated in the second paragraph of this Article, may be presented to the court by the state body to which the right to file such claims is granted by the legislative acts, and in the cases of bankruptcy - also by the creditor.

By a court decision on liquidation of a legal entity, the obligation to liquidate a legal entity may be imposed on the owner of its property, the authority authorized by owner, the

authority authorized to liquidate a legal entity by its constituent documents, the authority (person) that initiated the procedure for compulsory liquidation of a legal entity, or another authority (person), if the exercise of the functions of liquidating a legal entity by this authority (person) not contradictory to the Legislation of the Republic of Kazakhstan.

4. If the value of property of a legal entity, in respect of which a liquidation decision is taken in the manner prescribed by paragraph 1 of this article, is not sufficient to satisfy the creditors' claims, such legal entity must be liquidated in accordance with the procedure established by the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy.

5. Liquidation of certains of legal entities shall be possible, pursuant to a decision of the relevant body which is authorized by the state, on the grounds stipulated in legislative acts.

Footnote. Article 49 as amended by the Laws of the Republic of Kazakhstan dated 21.01.1997 № 68; dated 19.06.1997 № 134; dated 02.03.1998 № 211; dated 18.12.2000 № 128; dated 24.12.2001 № 276 (shall be enforced from 01.01.2002); dated 20.02.2006 № 127 (the order of enforcement see Art. 2); dated 12.01.2007 № 225 (shall be enforced from the date of its official publication); dated 21.07.2007 № 299; dated 30.12.2009 № 234-IV; dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its official publication); dated 12.01.2012 № 539-IV (shall be enforced after upon expiry of ten calendar days after its official publication); dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 16.05.2014 № 203-V (shall be enforced upon expiry of six months after the day its first official publication); dated 27.12.2019 № 290-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 05.01.2021 № 409-VI (shall enter into force from 01.01.2022); № 226-VII of 20.04.2023 (shall come into force on 01.07.2023).

Article 50. The Procedure for the Liquidation of Legal Entities

1. The owner of the property of the legal entity or the body that made the decision to liquidate the legal entity is obliged to immediately notify the judicial body or the State Corporation "Government for Citizens", which carries out the registration of legal entities, the state revenue body at the place of registration in writing or via an Internet resource with the use of an electronic digital signature about it.

2. The owner of the property of a legal entity or a body which took the decision to liquidate the legal entity shall appoint the Liquidation Commission and establish the procedure and dates for the liquidation in accordance with this Code.

From the moment that the Liquidation Commission is appointed, it shall acquire the powers associated with managing of the property and the business of the legal entity. The Liquidation Commission shall act in the court on behalf of the legal entity under liquidation.

3. Liquidation committee publishes information on liquidation of a legal entity, as well as the procedure and deadline for filing claims by its creditors in periodicals distributed throughout the territory of the Republic of Kazakhstan. The period for filing claims may not be less than two months from the date of publication of the announcement of liquidation, except for cases of bankruptcy. In case of bankruptcy, the claims of creditors to the bankrupt should be declared not later than within a month from the date of publication of the announcement on the procedure for filing claims by creditors.

A Liquidation Commission shall take steps to identify creditors and to recover debts, and also it shall give creditors written notice about the legal entity liquidation.

4. Upon expiry of the period for creditors to file their claims, the Liquidation Commission shall compile the intermediary liquidation balance-sheet which shall contain information concerning the composition of the property of the legal entity under liquidation, the list of claims filed by the creditors, and also concerning the results of the examination of them.

The intermediary liquidation balance-sheet shall be approved by the owner of the property of the legal entity or by the body which took the decision to liquidate that legal entity.

When drawing up intermediary liquidation balance-sheet the property of the liquidating legal entity shall not include allocated assets, which are collaterals for the special financial company's obligations in project finance, for the special financial company's bonds during securitization, issued in accordance with the legislation of the Republic of Kazakhstan on project finance and securitization and mortgage property that is following collateral for the mortgage bonds: rights to claim under the agreement mortgage loan (including mortgage certificates), as well as government securities of the Republic of Kazakhstan in the cases where the ownership of the bonds came from their holders or transferred to them on transactions or on other grounds stipulated by legislative acts of the Republic of Kazakhstan. Specified property and leased assets shall be transferred by liquidation committee to the representative of mortgage bond holders, representative of creditors and (or) holders of bonds, representing, determined in accordance with the legislation of the Republic of Kazakhstan on project finance and securitization, to satisfy the claims of creditors.

When drawing up an interim liquidation balance sheet, the property of a state Islamic special financial company being liquidated does not include the property sold to the state Islamic special financial company on the basis of a decision of the Government of the Republic of Kazakhstan. The specified property is transferred by the liquidation commission to the ownership of the Republic of Kazakhstan in the manner and within the terms determined by the Government of the Republic of Kazakhstan.

5. If a legal entity under liquidation (except for state-owned institutions) is short of funds for the satisfaction of the creditors' claims, the liquidation commission shall carry out a sale of the assets of the legal entity in a public auction in accordance with the procedure established for the execution of court decisions.

When selling pledged property included in the property of the legal entity being liquidated from a public auction, the requirements of pledge creditors are satisfied mainly to other creditors within the amount received from the sale of pledged property.

In case of insufficiency of the sum from realisation of a subject of pledge the remained sum of requirements of the pledge creditor shall be satisfied in order of priority established by article 51 of the present Code.

6. Payment of money to creditors of the liquidated legal person shall be made by the liquidation commission in order of priority established by article 51 of the present Code, according to the intermediate liquidation balance sheet, since the date of its approval. Features of distribution of property of joint-stock companies shall be established by the legislation of the Republic of Kazakhstan on joint-stock companies.

If the property of the legal entity being liquidated contains pledged property, the pledge creditor shall have the right to satisfy its claims by accepting pledged property in kind.

The Liquidation Commission within ten working days from the date of receipt of the notification from the pledge creditor on acceptance of the pledged property in kind carries out its assessment.

The transfer of pledged property to the pledge creditor shall be made after the assessment, taking into account the requirements stipulated by parts five and six of this paragraph.

If the estimated value of the pledged property, less the expenses incurred for the assessment of the pledged property, is greater than the claims of the pledge lender, the difference shall be returned by the pledge lender to the property of the legal entity being liquidated.

If the estimated value of pledged property less expenses incurred for assessment of the pledged property is less than the claim of the pledge creditor, the claim of the pledge creditor in the amount of the difference shall be satisfied in order of priority established by Article 51 of this Code.

7. Upon completion of the settlements with creditors, the liquidation commission shall compile the liquidation balance-sheet, which shall be approved by the owner of the assets of the legal entity, or by the body which adopted the decision to liquidate the legal entity.

8. The assets which remain upon the satisfaction of creditors' claims shall be used for the purposes indicated in the foundation agreements.

9. In the event that a public enterprise in liquidation is short of assets, and in the case of an institution in liquidation being short of monetary resources funds for satisfying the claims of creditors, the latter shall have the right to appeal to the court with an action to satisfy the remaining amount of claims at the expense of the owner of the assets of the enterprise or institution.

9-1. *Is excluded by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).*

10. Liquidation of a legal entity is considered complete, and a legal entity - ceased its activity after entering information about this in the National Register of Business Identification Numbers.

Footnote. Article 50 as amended by the Laws of the Republic of Kazakhstan dated July 5, 1996 № 30; dated July 11, 1997 № 154; dated March 2, 1998 № 211; dated July 10, 1998 № 282; dated December 16, 1998 № 320; dated June 3, 2003 № 426; dated January 10, 2006 № 115 (shall be enforced from the date of its official publication); dated February 20, 2006 № 127 (the order of enforcement see Art. 2); dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated 01.03.2011 № 414-IV (shall be enforced from the day of its first official publication); dated 12.01.2012 № 539-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 07.11.2014 № 248-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); № 241-VI dated 02.04.2019 (shall be enforced dated 01.07.2019).

Article 51. Satisfying the Claims of Creditors

1. In case of liquidation of a legal entity, except for cases of bankruptcy, the claims of its creditors shall be satisfied in the following order:

1) on a first-priority basis, the claims to discharge aliments withheld from wage and (or) other income as well as the claims of citizens to whom the enterprise in liquidation bears the liability for causing harm to life and health, by way of capitalizing appropriate periodic payments shall be satisfied;

2) secondly - calculations shall be made for remuneration for labor and payment of compensation to persons who worked under an employment contract, payment of arrears for social contributions to the State Social Insurance Fund, mandatory pension contributions, deducted from salaries, mandatory professional pension contributions, on deductions and (or) contributions for mandatory social health insurance to the Social Health Insurance Fund, as well as payment of fees under copyright contracts, except for the cases when part of the amounts of claims in accordance with the legislative act of the Republic of Kazakhstan regulating bankruptcy matters shall be satisfied in the fifth turn;

3) in the third place - creditors' claims on the obligations secured by the pledge of the property of the bankrupt being liquidated shall be satisfied within the limits of the security amount, except for the claims of creditors - holders of mortgage bonds secured by the pledge of the rights of claim under the housing mortgage loan agreements (including the pledge of

mortgage certificates), state securities of the Republic of Kazakhstan in cases when the ownership of the said bonds has arisen for their holders or has passed to them under transactions or on other grounds, provided provided by legislative acts of the Republic of Kazakhstan, and also requirements of creditors which are satisfied according to a part of second point 5 or a part of second point 6 of article 50 of the present Code;

4) on a fourth -priority basis, the tax and other compulsory payment debt shall be repaid.

5) in the fifth turn - settlements with other creditors in accordance with the legislative acts of the Republic of Kazakhstan, as well as with the pledge creditors in cases provided for by part three of paragraph 5 and part six of paragraph 6 of Article 50 of this Code;

2. The claims of each priority shall be satisfied upon the complete satisfaction of the claims of the previous priority.

3. If assets of a legal entity in liquidation are not sufficient, they shall be distributed among the creditors of each relevant turn in proportion to the amounts of claims which are subject to satisfaction, unless otherwise is provided for by law.

4. In the case of the refusal of the liquidation commission to satisfy the claims of a creditor or of an evasion from their consideration, the creditor shall have the right, prior to the approval of the liquidation balance-sheet of a legal entity, to appeal to the court with the action against the liquidation commission. Upon the decision of the court, the claims of the creditor may be satisfied at the expense of the remaining assets of the legal entity in liquidation.

5. The assets which remain upon the satisfaction of the claims of creditors of the legal entity, shall be transferred to its owner or the founders (participants) which have corporeal rights to those assets or any obligatory rights to the legal entity, unless otherwise provided for by legislation or the foundation documents of the legal entity.

6. The claims of creditors which are not satisfied because of a shortfall of assets of the legal entity in liquidation and also those which are not claimed before the approval of the liquidation balance-sheet shall be deemed to be satisfied.

Also the claims of creditors which are not recognized by the liquidation commission shall be deemed to be cancelled, unless the creditor appeals to the court with the action, as well as the claims the satisfaction of which was denied to the creditors by the court.

Footnote. Article 51 as amended by the Laws of the Republic of Kazakhstan dated January 21, 1997 № 68; dated March 2, 1998 № 211; dated July 11, 2001 № 239; dated July 3, 2003 № 426; dated April 8, 2004 № 542 (shall be enforced from January 1, 2005); dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 16.11.2015 № 406-V (shall be enforced from 01.07.2017); dated 02.04.2019 № 241-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 52. Bankruptcy

Bankruptcy is an insolvency of a debtor recognized by a court decision, which is the basis for its liquidation.

Amendment of part two is provided by the Law of the Republic of Kazakhstan *dated 02.08.2015* № 342-V *(*shall be enforced from *01.01.2024).*

The insolvency of the debtor shall be established by the court, taking into account the conclusion on financial stability, drawn up in accordance with the Legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy.

Footnote. Article 52 is in the wording of the Law of the Republic of Kazakhstan dated 21.01.1997 № 68, dated 29.06.1998 № 238, as amended by the Law of the Republic of Kazakhstan dated 05.07.2008 № 60-IV (the order of enforcement see Art. 2); dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 16.11.2015 № 406-V (shall be enforced from 01.07.2017); dated 27.12.2019 № 290-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 53. Composition in Bankruptcy

1. Recognition of bankruptcy is possible in a voluntary or compulsory procedure.

2. Recognition of bankruptcy in a voluntary procedure shall be carried out on the basis of the debtor's application to the court.

3. Recognition of bankruptcy in a compulsory procedure shall be carried out on the basis of the creditor application to the court, and in the cases provided for by legislative acts, also applications from other entities.

Footnote. Article 53 is in the wording of the Laws of the Republic of Kazakhstan dated January 21, 1997 № 68; dated July 29, 1998 № 238.

Article 54. Rehabilitation procedures for a legal entity

Any legal entity - a debtor may be subject to any measures not contradictory to the Legislation of the Republic of Kazakhstan aimed at restoring its solvency in order to prevent liquidation.

These measures shall be implemented under a rehabilitation procedure, the procedure and terms of implementation of which are determined by the Legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy.

Footnote. Article 54 is in the wording of the Law of the Republic of Kazakhstan dated 27.12.2019 № 290-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 54-1. External Monitoring

Footnote. Article 54-1 is excluded by the Law of the Republic of Kazakhstan dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 55. Consequences of initiation of bankruptcy proceedings

1. From the day the court makes a decision on declaring a debtor bankrupt and commencement of bankruptcy proceedings:

1) the owner of the property of the bankrupt (the body authorized by it), the founders (participants), all bodies of the bankrupt legal entity are prohibited from alienating the property and paying off obligations;

2) the terms of all debt obligations of the bankrupt are considered expired;

3) accrual of penalty and remuneration (interest) on all types of debts of the bankrupt is terminated;

4) disputes of a property nature with the bankrupt's participation that are considered in court are terminated, if the decisions taken on them have not come into force;

5) claims may be brought against the bankrupt only within the bankruptcy procedure, except for the claims for implementation of guarantees of third parties, as well as the enforcement of collateral in cases where the third parties act as a pledger;

6) on the basis of the application of the temporary or bankruptcy administrator and the provided copy of the court's decision to declare the debtor bankrupt, all restrictions and encumbrances on the bankrupt estate (collection orders of financial and government agencies on bank accounts of the debtor, seizure of property, imposed by bailiffs, etc.) are removed without taking the relevant decisions of the bodies that imposed them;

7) imposition of new arrests on the property of the bankrupt and other restrictions on disposal of assets of the bankrupt shall be allowed only on claims for recognition of the transaction null and reclamation of property from unlawful possession, applicable to the bankrupt;

8) the bankrupt’s estate, not transferred to the purchaser at the time of initiation of bankruptcy proceedings shall be included in the estate of the bankrupt and the creditor or purchaser frustrated by failure to fulfill obligations has the right to file claims against the debtor within bankruptcy procedures.

Footnote. Article 55 in the new wording of the Law of the Republic of Kazakhstan dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 56. Release of an Insolvent Debtor from Debt

Footnote. Article 56 is excluded by the Law of the Republic of Kazakhstan dated 30.12.2022 № 179-VII (shall be enforced sixty calendar days after the date of its first official publication).

Article 57. The termination of Activities of a Legal Entity which is a Bankrupt

1. The recognition by the court of a legal entity as insolvent (bankrupt) shall entail its liquidation.

2. Activities of a bankrupt legal entity shall be deemed terminated upon its deletion from the National Register of Business Identification Numbers.

Footnote. Article 57 as amended by the Law of the Republic of Kazakhstan dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication).

II. Business Partnerships

1. General Provisions

Article 58. The Basic Provisions Concerning Business Partnerships

1. A business partnership shall be recognized to be a commercial organization with its charter capital divided into shares (contributions) of the founders (participants). Properties created at the expense of the investments of the founders (participants) and also produced and acquired by the business partnership in the course of its activities shall belong to it under the right of ownership.

2. Business partnerships may be created in the form of a full partnership, partnership in commendam, limited liability partnership, partnership with additional liability.

3. Business partnership, except full and partnerships in commendam can be created by one person, who becomes its only participant.

Only citizens may be the participants of a full partnership and full partners in a partnership in commendam.

4. The charter and the foundation agreement shall be the foundation documents of a business partnership.

The charter shall be the foundation document of a business partnership which is established by one person (one participant).

5. Is excluded by the Law of the Republic of Kazakhstan dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication).

6. The foundation documents of a business partnership must also contain, apart from the information indicated in paragraphs 4 and 5 of article 41 of this Code, the provisions concerning the shares of each of participants; the size, composition, deadlines and the procedure for their making the contributions to the charter capital of the partnership; concerning the liability of the participants for the violation of the obligations with regard to

making the contributions to the charter capital of the partnership, and any other information which is contemplated by legislative acts.

7. Excluded by the Law of the Republic of Kazakhstan dated 02.03.1998 № 211.

8. A business partnership may be the foundation party of any other business partnerships, except for the cases specified in legislative acts.

9. Excluded by the Law of the Republic of Kazakhstan dated 02.07.2018 № 166-VI (shall be enforced upon expiration of ten calendar days after the day of its first official publication).

Footnote. Article 58 as amended by the Laws of the Republic of Kazakhstan dated 11.07.1997 №154; dated 02.03.1998 № 211; dated 10. 07.1998 № 282; dated 16.05.2003 № 416; dated 08.07.2005 № 72 (the order of enforcement see Art. 2); dated 12.01.2007 № 225 (shall be enforced from the date of its official publication); dated 20.01.2010 № 239-IV; dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2018 № 166-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 59. Contributions to the Charter Capital of a Business Partnership. The Share of a Participant in the Charter Capital and in the Assets of a Partnership

1. A contribution to the authorized capital of an economic partnership may be money, securities, things, property rights, including rights to the results of intellectual activity, and other property (with the exception of special financial companies established in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization, microfinance organizations established in accordance with the legislation of the Republic of Kazakhstan on microfinance activities, collection agencies established in accordance with the legislation of the Republic of Kazakhstan on collection activities, and Islamic special financial companies established in accordance with the legislation of the Republic of Kazakhstan on the securities market, the authorized capital of which is formed exclusively by money).

Contributions of founders (shareholders) to the charter capital in kind or in the form of property rights are valued in cash by agreement of all founders or by decision of the general meeting of all shareholders of the partnership. If the value of such contribution exceeds the amount equivalent to twenty thousand of monthly calculation indices, its evaluation shall be confirmed by the valuer.

The money's worth of the participants' contributions may be confirmed by accounting documents of the partnership or the statement of its auditors, when a business partnership is re-registered.

The founders (participants) of a partnership, within five years from the moment of such valuation, shall bear joint and several liability to creditors of the partnership within the limits of the amount on which the value of the contribution was overstated.

In the cases where the right to use property is transferred to a partnership as a contribution , the size of such a contribution shall be determined by a payment for the use of such property , as calculated for the entire period indicated in the foundation documents.

It is not allowed to make deposits in the form of personal non-property rights and other intangible benefits. Also, it is not allowed to make deposits by offsetting the participants' claims to the partnership, except for the cases provided for by legislative acts of the Republic of Kazakhstan.

2. Shares of all participants in the charter capital, and accordingly their shares in the value of property of the business partnership (a share in the property) shall be proportionate to their contributions into the charter capital, unless it is otherwise stipulated in the foundation documents.

A participant in an economic partnership has the right to pledge and (or) sell its share or a part thereof in the property (authorized capital) of the partnership, unless otherwise stipulated by legislative acts of the Republic of Kazakhstan or constituent documents.

A contract of alienation (assignment) of the right of a retiring participant of an economic partnership to a share in the property (authorized capital) of a partnership or a part thereof, to which the individual is a party, shall be notarized.

3. The procedure and deadlines for making the contributions to the charter capital and also liability for the failure to fulfill the obligations associated with the formation of the charter capital, shall be established in legislative acts and (or) foundation documents.

4. Reduction of the charter capital of a business partnership shall be allowed only after the notification of all its creditors. The latter, in this case, shall have the right to demand premature termination the partnership ahead of time, or execution of the relevant obligations, and compensation for their losses.

Reduction of the charter capital, in violation of the procedure established in this paragraph , shall be the basis for the liquidation of the partnership, pursuant upon a decision of the court, pursuant to an application from interested parties.

Footnote. Article 59 as amended by the Laws of the Republic of Kazakhstan dated 15.07.1996 № 30, dated 11.07.1997 № 154, dated 02.03.1998 № 211, dated 20.02.2006 № 127 (the order of enforcement see Art. 2), dated 05.05.2006 № 139 (the order of enforcement see Art. 2), dated 12.02.2009 № 133-IV (the order of enforcement see Art. 2), dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication), dated 12.01.2012 № 539-IV (shall be enforced upon expiry of ten calendar days after its first official publication), dated 26.11.2012 № 57-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.12.2012 № 60-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 21.01.2019 № 217-VI (shall be enforced upon the expiration of ten calendar days after the

day of its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 24.05.2021 № 43-VII (shall enter into force from 01.01.2022).

Article 60. Managing a Business Partnership

1. The general meeting (meeting of the representatives) of the participants shall be the supreme body of a business partnership.

In business partnerships, except for the full partnership and partnership in commendam, founded by one person, the powers of a general meeting shall belong to its sole participant.

2. In a business partnership there shall be an executive body (collective or (and) individual), which carries out the day-to-day management of its activities and which is accountable to the general meeting (meeting of the representatives) of its participants. The individual governing body may not be from among its participants.

The following may be formed as collegiate bodies of a partnership:

1) the board (directorate);

2) the supervisory council;

3) other bodies in the cases stipulated in legislative acts, or by a decision of the general meeting (the meeting of representatives) of participants of a business partnership.

2-1. In cases of recognition of a business partnership as bankrupt or application of a rehabilitation procedure and appointment of a temporary or bankrupt or rehabilitation manager in the manner prescribed by law, all powers to manage it are transferred to the temporary or bankrupt or rehabilitation manager, respectively.

3. The authority of the governing bodies of a business partnership, the procedure for their election (appointment) and also the procedure for their adoption of decisions shall be determined in accordance with this Code, legislative acts and the foundation documents.

4. In order to audit, and to confirm the accuracy of financial statements, a business partnership may hire a professional auditor, who is not related to the partnership or its participants by property interests (independent audit).

Auditing of a business partnership must be carried out at any time, pursuant to a claim of one or several participants of the partnership at the expense of its (their) funds.

The procedure for conducting an audit of a business partnership activity shall be established by legislation and the foundation documents of the partnership.

Footnote. Article 60 as amended by the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211; dated April 22, 1998 № 221; dated May 5, 2006 № 139 (the order of enforcement see Art. 2); dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 61. The Rights and Obligations of Participants of a Business Partnership

1. The participants of a business partnership shall have the following rights:

1) to participate in managing the affairs of the business partnership in accordance with the procedure which is determined in the foundation documents;

2) to obtain information concerning the activities of the business partnership and to peruse its documents in accordance with the procedure established by the foundation documents;

3) to participate in distribution of net income. The terms of the constituent documents providing for elimination of one or more participants from participation in distribution of net income are void;

4) to obtain in the case of liquidation of a business partnership part of its property which corresponds to their share in the property of the partnership, which remains after the settlements with the creditors or its worth;

5) Excluded by the Law of the Republic of Kazakhstan dated 02.03.1998 № 211.

Participants in a business partnership may also have other rights provided for by legislative acts and constituent documents.

2. The participants of a business partnership shall be obliged as follows:

1) to comply with the requirements of the foundation documents;

2) to make contributions in accordance with the procedure, in the amounts, by the methods and within the deadlines specified in the foundation documents;

3) not to divulge the information which the business partnership declares as a commercial secret.

The participants of a business partnership may bear any other responsibilities which are specified by the legislative acts of the Republic of Kazakhstan and the foundation documents.

Footnote. Article 61 as amended by the Laws of the Republic of Kazakhstan dated July 11 , 1997 № 154; dated March 2, 1998 № 211; dated February 19, 2007 № 230 (the order of enforcement see Art. 2); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 62. Reorganization of Business Partnerships

1. Business partnerships of one may be reorganized into business partnerships of the others or into joint stock companies or in to production co-operatives upon a decision of the general meeting of the participants in the cases and in accordance with the procedures provided for by legislative acts.

2. When reorganizing a full or a partnership in commendam into a joint-stock company, limited liability or additional liability partnership, each full partner that became a participant of the joint-stock company, limited liability partnership or additional liability partnership, shall within two years bear subsidiary liability with all his assets on the obligations which were reorganized to the joint-stock company, the limited liability partnership or additional liability partnership from the full or partnership in commendam. The alienation by a former full partner of his shares shall not exempt him (her) from such a liability.

Footnote. Paragraph 1 of Article 62 is supplemented on the basis of the Law of the Republic of Kazakhstan dated July15, 1996 № 30 "On Introduction of Amendment and Supplements into some Legislative Acts of the Republic of Kazakhstan. As amended by the Law of the Republic of Kazakhstan dated July16, 1999 № 436.

2. Full Partnership

Article 63. The Fundamental Provisions Concerning Full Partnership

1. A partnership, which participants, in the case of the insufficiency of the property of the full partnership, bear a joint liability upon it obligations with all the property that they have shall be recognized as a full partnership.

2. A citizen may be the participant of only one full partnership.

Article 64. The Charter Capital of the Full Partnership

The amount of the charter capital of a full partnership shall be determined by it foundation parties, but it may not be less than the minimum amount specified by legislative acts of the Republic of Kazakhstan.

The minimum size of the charter capital of microfinance institutions, established in the form of a full partnership shall be determined by the Legislation of the Republic of Kazakhstan on microfinance activity.

The minimum amount of authorized capital of collection agencies established in the form of a full partnership is determined by the legislation of the Republic of Kazakhstan on collection activities.

Footnote. Article 64 is in the wording of the Law of the Republic of Kazakhstan dated 26.11.2012 № 57-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 24.05.2021 № 43-VII (shall enter into force from 01.01.2022).

Article 65. Managing the Affairs of a Full Partnership

1. The general meeting of a full partnership shall be the supreme body of the full partnership. Resolutions on the internal issues of a full partnership shall be adopted by unanimous consent of all the participants. The foundation agreement of a partnership may stipulate the cases, where a decision is to be adopted by a majority of votes of the participants . Each participant of a full partnership shall have one vote, unless the foundation agreement stipulates any other procedure for determining the number of votes of its participants. The foundation agreement may stipulate that the number of votes which is available to the participants shall be determined in proportion to their share in the charter capital.

2. Managing a full partnership subject to the provisions of paragraph 1 of this Article, shall be carried out by the executive bodies of the full partnership. Thes of, the procedure for the formation of governing bodies and their authority shall be defined in the foundation documents.

3. A participant of a full partnership shall not have the right to commit in his (her) name and his (her) interests or in the interests of third persons without consent of other participants, the transactions which are identical to those which constitute the object of activities of the partnership. In the case of violating this rule, the partnership shall have the right to demand from such a participant either compensation of losses incurred by the partnership, or transfer to the partnership of all the benefits acquired through such transactions.

4. The bodies of a full partnership, to which it is delegated to transact the business of the partnership, shall be obliged to present comprehensive information about their activities to all the participants, upon their request.

5. A participant who acts for common interests without authorization, in the cases where his (her) actions are not approved by all the other participants, shall have the right to claim from the partnership compensation of expenditures incurred by him (her), under the condition that he (she) proves that due to his (her) efforts the partnership has economized or appropriately acquired assets which exceed in their value the expenditures incurred by the partnership.

Footnote. Article 65 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154.

Article 66. Transfer of a Share (Part of a Share) of a Participant of a Full Partnership

1. A transfer by a participant of his (her) share (part of share) to any other participants of a full partnership or to third persons shall be possible only with the consent of all the other participants.

2. When transferring a share (part of the share) to a third entity, the transfer shall take place at the same time of the whole set of rights and obligations which belong to the participant who is exiting the full partnership.

3. In the case of the death of a participant of a full partnership, the legal successor (inheritor) may enter the partnership with the consent of all the other participants.

4. The legal successor (inheritor) shall bear the liability on the debts of the participant before the full partnership and also on the debts of the partnership before the third persons, which arise during the period of the partnership's business.

5. When the legal successor (inheritor) refuses to enter the full partnership or the partnership refuses to accept the legal successor (inheritor), he (she) shall be paid the value of his (her) share in the assets of the partnership, which belongs to him (her) on the basis of the legal succession as determined on the day of the death of the participant.

In those cases the amount of property of the partnership, which is indicated in the foundation agreement (charter) shall be appropriately reduced within the deadlines provided for by the foundation agreement (charter) but not later than in three months.

Article 67. Leaving a Full Partnership

1. The participant of a full partnership may leave the partnership at any time notifying thereof the other participants not later than the term provided for by legislative acts or the foundation agreement.

2. If the full partnership persists after the exit of a participant, the exiting participant shall be paid the value his (her) share in the assets of the partnership in proportion to the contribution made, in accordance with the balance-sheet compiled on the day of the come out. The contribution may be returned entirely or partially in kind upon the demand of the participant and with the consent of the partnership. The exited participant shall also be paid the amount of net revenue which has been received by the partnership in that year during the period of his (her) being with the partnership within that year, which is owed to him (her).

Properties transferred by the participant of a partnership for use only shall be returned to him (her) in kind without remuneration.

Footnote. Article 67 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154.

Article 68. The Exclusion of a Participant from a Full Partnership

1. The participants of a full partnership shall have the right to require the exclusion of one or of several participants from the partnership upon a unanimous resolution of the remaining participants in a judicial procedure, provided there are serious reasons for that, in particular, a gross violation by him/her (them) of his/her (their) obligations or when the inability to manage business becomes established.

2. A participant who is excluded from a full partnership, shall be paid the value of the part of property in accordance with the procedure determined in paragraph 2 of Article 67 of this Code.

Article 69. Imposition of a Claim upon the Share of a Participant in a Full Partnership

1. The imposition of a claim upon the share of a participant in the property of a full partnership for his (her) personal debts shall be allowed only in the case where his/his other assets are not sufficient to cover the debt. Creditors of such a participant shall have the right to demand from the full partnership of appropriation of a part of the property of the partnership in proportion to the share of the debtor in the charter capital for the purpose of

imposing the claim on that property. The part of property of the partnership which is subject to appropriation, or its worth, shall be determined on the basis of the balance-sheet compiled at the moment of the presentation by the creditors of their claims to appropriate.

2. The imposition of a claim upon the share of a participant in the property of a full partnership shall terminate his (her) participation in the partnership, and it shall entail the consequences which are provided for by Articles 70 and 71 of this Code.

Footnote. Article 69 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154.

Article 70. Liability of Participants for Debts of a Full Partnership

1. If in liquidating a full partnership it so happens that the property available is not sufficient to cover all its debts, the participants shall bear joint liability for the missing part, with all their property upon which in accordance with legislative acts, a claim may be imposed.

A participant of a full partnership shall be liable for the debts of the partnership irrespective of whether they emerged after or before his (her) entering the partnership, unless otherwise specified in legislative acts.

2. A participant who repaid the debts of a full partnership in excess of his (her) share in the property of the partnership, shall have the right to appeal with a regress claim for the appropriate amount, to the other participants who shall bear a shared liability before him (her) in proportion to their shares in the property of the partnership.

3. A participant who left a full partnership of his (her) own accord, or was excluded from the partnership upon the decision of the court, and also a legal successor (inheritor) of a deceased participant who refused the proposal to enter the partnership, shall be liable for the obligations of the partnership which arose prior to the moment of their departure, during the two year period from the date of the approval of the report on the activities for the year in which they exited the partnership.

4. A participant who left a full partnership in a procedure of transferring his (her) share to any other participant or third persons, in a procedure of imposing a claim upon his (her) share in the property of the partnership by a creditor (creditors), and also a legal successor (inheritor) of a deceased participant, whom the other participants denied acceptance to the partnership, shall not be liable for the obligations of the partnership.

5. After the cessation of a full partnership, the participants shall be liable upon the obligations of the partnership, which arose prior to the moment of its cessation, for two years from the date of the cessation of the partnership.

6. Agreements of participants changing the order of their responsibility for the obligations of the general partnership provided for in this article are void.

Footnote. Article 70 as amended by the Law of the Republic of Kazakhstan dated March 2 , 1998 № 211; dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 71. Liquidation of a Full Partnership

1. A full partnership aside from the provisions indicated in Article 49 of this Code, shall also be liquidated in the case where a sole participant is left in a partnership, if he does not reorganize the partnership, nor accept new participants within six months.

2. In the cases of a departure or a death of one of the participants of a full partnership, as well as recognition of one of them as missing, incapable or partially incapable or a bankrupt, or of the imposition by a creditor of one of the participants of a claim on the property which corresponds to his (her) share in the charter capital, the partnership may continue its activities, if it is specified in the foundation documents of the partnership or by agreement of the remaining participants.

3. If one of the participants left the partnership on the grounds indicated in paragraph 2 of this Article, the shares of the remaining participants in the charter capital of the partnership shall be increased in proportion to their contributions, unless otherwise specified in the foundation documents.

Footnote. Article 71 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154.

3. Partnership in commendam

Article 72. The Fundamental Provisions Concerning a Partnership in Commendam

1. A partnership which includes besides one or more participants who bear additional liability for the obligations of the partnership with all their property (full partners) also one or more participants whose liability is limited by the amount of contribution made by them to the assets of the full partnership (investors) and which do not participate in the partnerships' entrepreneurial activities, shall be a partnership in commendam.

2. The legal status of full partners who participate in a partnership in commendam and the liability for the obligations of the partnership shall be determined by the rules concerning the participants of the partnerships in commendam.

3. A person may be a full partner only in one partnership in commendam.

A full partner in a partnership in commendam may not be a participant of a full partnership.

4. The rules of this Code concerning full partnership shall apply to partnerships in commendam, as this does not contradict the provisions of this Code concerning partnerships in commendam.

Footnote. Article 72 as amended by the Law of the Republic of Kazakhstan dated March 2 , 1998 № 211.

Article 73. Investor of a Partnership in Commendam

1. An investor of a partnership in commendam shall be obliged to make his (her) first contribution and additional contributions (investments) in the amount, by the method and in accordance with the procedure which are stipulated in the foundation documents.

2. A partner of a limited partnership has the right:

1) to receive a part of the net profit of the partnership due to its share in the authorized capital, in accordance with the procedure provided for by the constituent documents;

2) to get acquainted with the financial statements of the partnership, and also to demand the possibility to verify the correctness of their compilation;

3) to transfer its share in the authorized capital or its part to another partner or a third party in the manner prescribed by the legislative acts of the Republic of Kazakhstan and the constituent documents of the partnership. The transfer by the partner of his entire share to another person terminates his participation in the partnership;

4) to withdraw from the partnership in the manner prescribed by the legislative acts of the Republic of Kazakhstan and the constituent documents.

Constituent documents of a limited partnership may provide for other rights of the depositor.

The waiver of the rights provided for by this Code and other legislative acts of the Republic of Kazakhstan for the partners of the limited partnership, or their limitations, including the agreement of partners and full partners, is null and void.

3. If an investor commits a transaction in the interest of the partnership in commendam without due authorization, then in the case of approving his (her) actions by the partnership, it shall be liable for the transaction before the creditors in the full volume. If approval is not obtained, the investor shall be liable to third persons independently with all his (her) property, upon which claims may be imposed in accordance with legislation.

Footnote. Article 73 as amended by the Laws of the Republic of Kazakhstan dated July 11 , 1997 № 154, dated March 2, 1998 № 211; dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 74. Charter Capital of a Partnership in Commendam

1. The charter capital of a partnership in commendam shall be made up of the contributions of its participants. In the course of business activities, the charter capital may be altered. The charter capital discounting contributions of the investors shall determine the share of full partners in the property of a partnership in commendam.

2. The amount of the charter capital shall be determined by the full partners of a partnership in commendam and it may not be less than the minimum established by legislative acts.

The minimum size of the charter capital of microfinance institutions, established in the form of a partnership in commendam shall be determined by the Legislation of the Republic of Kazakhstan on microfinance activity.

The minimum amount of authorized capital of collection agencies established in the form of a command partnership shall be determined by the legislation of the Republic of Kazakhstan on collection activities.

3. The reduction of the charter capital of a partnership in commendam shall be allowed after notifying all its creditors. The latter shall have the right in that case to require a premature termination or execution of the relevant obligations and compensation to them of their losses. Reduction of a charter fund charter capital in violation of the procedure established in this Article shall be a reason for the liquidation of the partnership in commendam in accordance with the decision of the court upon the application of the interested parties.

Footnote. Article 74 as amended by the Laws of the Republic of Kazakhstan dated 11.07.1997 № 154, dated 02.03.1998 № 211, dated 26.11.2012 № 57-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 24.05.2021 № 43-VII (shall enter into force from 01.01.2022).

Article 75. Managing Affairs of a Partnership in Commendam

Managing the affairs of a partnership in commendam shall be carried out by full partners. The procedure for managing and maintaining affairs of a full partnership by its full partners shall be established by themselves in accordance with the rules concerning full partnership. The investors shall not have the right to participate in the managing of the affairs of the partnership in commendam, nor to act on its behalf other than on the grounds of the power of attorney. The investors of a partnership in commendam shall not have the right to challenge the actions of full partners with regard to managing the affairs of the partnership.

Article 76. Cessation of a Partnership in Commendam

1. A partnership in commendam shall be terminated when all the investors participating in it exit from it. The full partners shall have the right to transform the partnership in commendam into a full partnership instead of liquidation. A partnership in commendam shall be liquidated also upon the grounds which are stipulated for the liquidation of a full partnership.

2. Upon the liquidation of a partnership in commendam the investors shall have a priority right, as compared to full partners, to receive their contributions from the property of the partnership, which remain after the satisfaction of the claims of its creditors. The assets which remain after that of the partnership in commendam, shall be distributed between the full partners and investors in proportion to their contributions to the assets of the partnership, unless another procedure is established in the foundation documents.

4. Limited Liability Partnerships

Article 77. Basic Provisions Concerning a Limited Liability Partnership

1. A partnership established by one or several persons, which charter capital is divided into shares stipulated in the foundation documents shall be recognized as the limited liability partnership; the participants of a limited liability partnership shall not be liable for its obligations and they shall bear the risk of losses associated with the activities of the partnership within the limits of the value of the contributions made by them. Exceptions from this rule may be provided for by this Code and the legislative acts.

The participants of a limited liability partnership who did not make their contributions in full, shall bear joint liability for its obligations within the value of the unpaid part of the contribution of each participant.

2. There is no limit to the number of members that can participate in a limited liability partnership.

A limited liability partnership cannot have as its only member another partnership consisting of only one member.

3. Upon the claim by any of its participants there must be conducted an audit of the activities of the limited liability partnership.

The public reports of a limited liability partnership shall not be required,

except for the cases stipulated in legislation or the foundation documents.

5. Excluded by the Law of the Republic of Kazakhstan dated 02.03.1998 № 211.

4. A limited liability partnership may be voluntarily reorganized or liquidated upon a unanimous resolution of its participants. Any other grounds for a reorganization or liquidation of a limited liability partnership shall be determined by this Code and legislative acts.

A limited liability partnership shall have the right to be reorganized into another business partnership, joint-stock company or a production co-operative.

6. The legal status of a limited liability partnership, the rights and obligations of its members shall be determined by this Code and legislative acts.

Footnote. Article 77 as amended by the Laws of the Republic of Kazakhstan dated 15.07.1996 № 30; dated 11.07.1997 № 154; dated 02.03.1998 № 211; dated 22.04.1998 № 221; dated 16.07.1999 № 436; dated 16.05.2003 № 416.

Article 78. Charter Capital of a Limited Liability Partnership

The size of the charter capital of a limited liability partnership shall be determined by the founders (participants) of the limited liability partnership and it may not be less than the amount established by legislative acts.

The minimum size of the charter capital of microfinance institutions established in the form of a limited liability partnership shall be determined by the Legislation of the Republic of Kazakhstan on microfinance activity.

The minimum amount of authorized capital of collection agencies established in the form of a limited liability partnership shall be determined by the legislation of the Republic of Kazakhstan on collection activities.

The minimum amount of authorized capital of payment organizations established in the form of a limited liability partnership shall be determined by the legislation of the Republic of Kazakhstan on payments and payment systems.

Footnote. Article 78 is in the wording of the Law of the Republic of Kazakhstan dated 26.11.2012 № 57-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 03.07.2020 359-VI (shall enter into force upon the expiry of ten calendar days after the day of the first official publication); dated 24.05.2021 № 43-VII (shall enter into force from 01.01.2022).

Article 79. Managing a Limited Liability Partnership

1. The scope of authority of the bodies of a partnership, as well as the procedure for their adoption of decisions or for acting on behalf of the partnership shall be defined in accordance with legislative acts and the charter of the partnership.

2. The following shall be referred to the exclusive authority of the general meeting of the participants of a limited liability partnership:

1) amendment of the partnership charter including the amendments of the amount of its charter capital;

2) election (appointment) of the member (members) of the executive body of a partnership and a premature termination of his/her (their) powers, as well as adoption of a decision on the transfer of the limited liability partnership or its property into trust management and defining of the terms of such a transfer;

3) approval of financial statements of the business partnership and distribution of its net income.

4) the decision concerning reorganization and liquidation of the partnership;

5) election and premature termination of the powers of the supervisory council and (or) auditing commission (auditor) of a partnership, as well as the approval of reports and statements of the auditing commission (auditor) of a partnership;

6) approval of internal rules, procedures for their adoption and of other documents which regulate internal functioning of the partnership;

7) decision of the partnership's participation in other business partnerships as well as in non-profit organizations;

8) appointment of the liquidation commission and approval of liquidation balance sheets;

9) decision on forced purchase of a share from a participant of the limited liability partnership in accordance with Article 82 of this Code.

3. Issues recognized as exclusive authority of general meeting of the partnership participants may not be delegated to an executive authority of the partnership for its deciding, unless otherwise established by the laws of the Republic of Kazakhstan.

Footnote. Article 79 as amended by the Laws of the Republic of Kazakhstan dated July 11 , 1997 № 154; dated March 2, 1998 № 211; dated April 22, 1988 № 221; dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated February 19, 2007 № 230 (the order of enforcement see Art. 2); dated 28.10.2019 № 268-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 80. Transfer of a Share in the Charter Capital of a Limited Liability Partnership to Another Person

1. A participant of a limited liability partnership shall have the right to sell or in any other way to assign his (her) share in the charter capital of a partnership or its part, at his (her) discretion to one or several participants of that partnership.

2. Alienation by a member of a limited liability partnership of its share (part thereof) to third parties is allowed, unless otherwise provided by the partnership's constituent documents or by legislative acts.

Participants in a limited liability partnership enjoy priority before third parties for the right to purchase a share or a part thereof, with the exception of cases provided for by this Code and the Law of the Republic of Kazakhstan “On Limited liability partnerships”. If the constituent documents or the agreement of the participants of the partnership do not provide otherwise, the pre-emptive right to purchase a share (part thereof) is exercised by the participants in proportion to the size of their shares in the authorized capital of the partnership .

If a share (or part thereof) is sold with a breach of the pre-emptive right of purchase, any participant in the limited liability partnership shall be entitled, within three months from the date of sale, to seek in court the transfer of the rights and obligations of the buyer to him.

3. If the selling of the share of a participant (part thereof) to third persons is not possible in accordance with the charter foundation documents of a limited liability partnership and the other participants of the partnership refuse to purchase it, the partnership shall be obliged to pay to the participant its actual value or to issue to him (her) in kind the assets which correspond to that value.

4. The share of a participant of a limited liability partnership may be sold prior to its full payment only in the part which had been paid-up already.

5. If a share of a participant (part thereof) is acquired by the limited liability partnership itself, it shall be obliged to sell it to any other participants or third persons within the deadlines and in accordance with the procedure stipulated in legislative acts and the foundation documents of the partnership, or to reduce its charter capital. During that period the distribution of net income and also voting in the supreme governing body shall be carried out without taking into account the share acquired by the limited liability partnership.

6. The shares in the charter capital of a limited liability partnership shall be transferred to the inheritors of citizens and to the legal successors of legal entities which are participants in partnership, unless the foundation documents of the partnership stipulate that such a transfer is permitted only with the consent of the other participants of the partnership. Refusal to accept the transfer of a share shall entail the obligation of the partnership to pay to the inheritors (legal successors) of the participant its actual value or to issue to them in kind the assets worth the same value, in accordance with the procedure and on the conditions stipulated in legislative acts and in the foundation documents of the partnership.

Legislative acts may stipulate special considerations in the transfer of a share to the legal successors of legal entities.

Footnote. Article 80 as amended by the Laws of the Republic of Kazakhstan dated July 11 , 1997 № 154; dated March 2, 1998 № 211; dated August 7, 2007 № 321 (shall be enforced from the date of its official publication); dated 21.04.2016 № 504-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 81. Additional Contributions by the Participants of a Limited Liability Partnership

Unless the charter of a limited liability partnership provides otherwise, the general meeting of its participants may take a decision on making by the participants of additional contributions to the partnership's property. A decision shall be adopted by a majority of three quarters of votes of all participants of the partnership.

Footnote. Article 81 is in the wording of the Law of the Republic of Kazakhstan dated April 22, 1998 № 221.

Article 82. Forced Purchase of a Share from a Participants of a Limited Liability Partnership

In the event of a breach of the obligations of a limited liability partnership's shareholder to the partnership established by the legislative acts or constituent documents, the partnership, in accordance with the decision of the General Meeting of Shareholders, has the right to demand the compulsory redemption of the share of such shareholder in accordance with the procedure established by the Law of the Republic of Kazakhstan "On Limited Liability Companies and Additional Liability Companies".

Footnote. Article 82 is in the wording of the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211; dated 21.01.2019 № 217-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 83. Imposition of a Claim upon the Share of a Participant in a Limited Liability Partnership

In the case where the participants' assets are not sufficient to cover his personal debts, the creditors may require, in accordance with the established procedure, to appropriate the share of the debtor who is a participant.

Footnote. Article 83 as amended by the Law of the Republic of Kazakhstan dated March 2 , 1998 № 211.

5. Partnerships with Additional Liability

Article 84. Basic Provisions Concerning the Partnership with Additional Liability

1. A partnership, which participants are liable for its obligations with their contributions to the charter capital, and in the case those are insufficient, additionally with the assets that belong to them in the amount which is a multiple of the contributions made by themselves shall be recognize as a partnership with the additional liability.

2. A maximum amount of the liability of the participants shall be stipulated in its foundation documents charter.

In the case of bankruptcy of one of the participants, his (her) liability for the obligations of the partnership shall be spread amongst other participants in proportion to their contributions, unless a different procedure of distribution of the liability is stipulated in foundation documents.

3. To an additional liability partnership the rules of this code shall be applied concerning limited liability partnerships, unless otherwise stipulated in this Article.

Footnote. Article 84 as amended by the Laws of the Republic of Kazakhstan dated July 11 , 1997 № 154; dated April 22, 1998 № 221.

III. JOINT-STOCK COMPANY

Footnote. Subsection 6 should be considered as the Part III by the Law of the Republic of Kazakhstan dated July 10, 1998 № 282.

Article 85. Definition of a Joint-Stock Company

1. A legal entity which issues shares for the purposes of raising funds for the performance of its activities shall be recognized as a joint-stock company. The shareholders of a joint-stock company shall not be liable for its obligations, and they shall bear the risk of losses associated with the company's business, within the limits of value of the shares they hold, except for the cases provided for by legislative acts.

2. A joint-stock company shall possess the assets which are separate from the assets of its participants, shall be liable for its obligations within the limits of its property and it shall not bear any liability for the obligations of its participants.

3. A joint-stock company may be created by one person and it may consist of one person in the case the acquisition by one shareholder of all the shares of the company, unless it is otherwise stipulated in legislative acts.

4. The legal status of a joint-stock company, the rights and obligations of the shareholders shall be determined by legislative acts in accordance with this Code. Special considerations with regard to the legal status of joint-stock companies which are created by way of privatizing state-owned enterprises, shall be determined in legislation.

5. Non-commercial organizations may be created in a form of the joint-stock company in the cases provided for by legislation.

Footnote. Article 85 as amended by the Laws of the Republic of Kazakhstan dated 19.06.1997 № 134, dated 11.07.1997 № 154, dated 02.03.1998 № 211, dated 10.07.1998 № 282, dated 13.10.2003 № 486, dated 28.12.2011 № 524 - IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 86. Open and Closed Joint-Stock Companies

Article 86 is excluded by the Law of the Republic of Kazakhstan dated May 16, 2003 № 416.

Article 87. Foundation Documents of a Joint-Stock Company

1. The foundation agreement (resolution of the only founder) and the charter shall be the foundation documents of a joint-stock company.

The foundation documents of the company must contain the information specified in this Code and other legislative acts of the Republic of Kazakhstan.

The foundation documents of a joint-stock company shall be subject to notarization.

2. The Operation of the foundation agreement (decisions of the sole founder) shall cease from the date of state registration of the shares.

3. The procedure of the confirmation of the charter of a joint-stock company shall be approved by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 87 the new wording is in accordance with the Law of the Republic of Kazakhstan dated May 16, 2003 № 416.

Article 88. Charter Capital of a Joint-Stock Company

Lower limit and the procedure for the formation of the charter capital of a joint-stock company, as well as the procedure of its expansion shall be defined by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 88 is in the wording of the Law of the Republic of Kazakhstan dated May 16, 2003 № 416; amended by the Law of the Republic of Kazakhstan dated July 8, 2005 № 72 (the order of enforcement see Art. 2).

Article 89. Expansion of the Authorized and Issued (Paid) Charter Capital

(Article 89 is excluded by the Law of the Republic of Kazakhstan dated May 16, 2003 № 416)

Article 90. Reduction of the Authorized and Issued (Paid) Charter Capital

(Article 90 is excluded by the Law of the Republic of Kazakhstan dated May 16, 2003 № 416)

Article 91. Issue and Distribution of Securities

1. Thes of securities to be issued by joint-stock companies shall be defined by the legislative acts.

2. The procedure of state registration of authorized shares issue and their placing shall be defined according with the legislative acts of the Republic of Kazakhstan.

3. A joint stock company shall be entitled to issue secured bonds and unsecured bonds, except for the cases provided for by the laws of the Republic of Kazakhstan. The terms and procedure for issuing bonds are established by the legislation of the Republic of Kazakhstan on securities market.

4. The form, method and the procedure for payment of income on securities shall be defined in the charters of joint stock companies or in prospectuses of issues (terms of issues) of securities subject to special considerations provided for by legislative acts.

5. A joint-stock company shall not have the right to pay dividends on company shares:

1) when its owned capital is negative or when its owned capital becomes negative in the result of paying dividends on its shares;

2) if it meets the signs of insolvency or insolvency in accordance with the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy, or these signs will appear in the partnership as a result of paying dividends on its shares.

Legislative acts of the Republic of Kazakhstan may specify other circumstances prohibiting payment of dividends on ordinary shares, and issuing of debentures by joint-stock companies.

6. A joint-stock company shall have the right to issue derivative securities, options and convertible securities in accordance with the procedure defined by legislation.

Footnote. Article 91 is in the wording of the Law of the Republic of Kazakhstan dated 10.07.1998 № 282; amended by the Law of the Republic of Kazakhstan dated 16.05.2003 № 416; dated 20.02.2006 № 127 (the order of enforcement see Art. 2); dated 19.02.2007 № 230

(the order of enforcement see Art. 2); dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2); dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 12.07.2022 № 138-VII (shall be enforced sixty calendar days after the date of its first official publication).

Article 92. Managing a Joint-Stock Company

1. The general meeting of the shareholders of a joint-stock company shall be its supreme body.

2. The exclusive authority of the general meeting of shareholders shall be defined in legislative acts.

3. The taking of decisions on the issues comprised by the exclusive authority of the general meeting of shareholders, may not be delegated to other bodies of the joint-stock company.

4. A board of directors shall be formed in a joint-stock company, which shall exercise the general guidance of the company's business, except for deciding on the issues conferred by this Code, legislative acts and the company's charter, to the exclusive authority of the general meeting of shareholders. The issues which are conferred by this Code, legislative acts and the joint-company's charter to the exclusive authority of the board of directors, may not be delegated to the executive body of the joint-stock company to be decided on.

5. The executive body of a joint-stock company may be a collective body (board) or (and) a personal one (director, general director, president). It shall carry out the current management of the activities the joint-stock company and it shall report to the board of directors and the general meeting of the shareholders.

The authority of the executive body of a joint-stock company shall include the deciding on all the issues which do not constitute the exclusive authority of any other governing bodies of the company which is determined by legislation or by the foundation documents.

6. Other bodies may be formed by a joint-stock company in accordance with legislative acts.

6-1. In cases when a joint-stock company is declared bankrupt or the rehabilitation procedure is applied and the temporary or bankrupt or rehabilitation manager is appointed in accordance with the procedure established by law, all powers to manage it are transferred to the temporary or bankrupt or rehabilitation manager, respectively.

7. The authority of the governing bodies of a joint-stock company and also the procedure for adopting by them of the resolutions and acting on behalf of the company, shall be determined by legislation in accordance with this Code and by the foundation documents.

8. *(is excluded)*

Footnote. Article 92 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154; dated March 2, 1998 № 211; dated July 10, 1998 № 282; dated May 16, 2003 № 416; dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar day after

its first official publication); dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 93. Reorganization and Liquidation of a Joint-Stock Company

1. A joint-stock company may be reorganized or liquidated upon the decision of the shareholders meeting. Any other grounds and the procedure for reorganization and liquidation of a joint-stock company shall be determined in this Code and any other legislative acts.

2. A joint-stock company has the right to transform into a non-profit organization in the form of a higher scientific organization in accordance with the Law of the Republic of Kazakhstan "On Science and Technological Policy", into an economic partnership, an industrial cooperative or an autonomous educational organization in accordance with the Law of the Republic of Kazakhstan "On the status of Nazarbayev University, Nazarbayev Intellectual Schools and Nazarbayev Foundation", as well as to the autonomous cluster fund in accordance with the Law of the Republic of Kazakhstan "On the innovative cluster "Park of Innovative Technologies".

Footnote. Article 93 is in the wording of the Law of the Republic of Kazakhstan dated 15.07.1996 № 30; as amended by the Laws of the Republic of Kazakhstan dated 16.05.2003 № 416; dated 19.01.2011 № 395-IV (shall be enforced upon expiry of ten calendar day after its first official publication); dated 10.06.2014 № 208-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 01.07.2024 № 104-VIII (effective sixty calendar days after the date of its first official publication).

IV. Subsidiary Organization and Related Joint-Stock Company

Footnote. Sub-section seven should be considered as the part of IV by the Law of the Republic of Kazakhstan dated July 10, 1998 № 282.

Article 94. Subsidiary Organization

1. A subsidiary is a legal entity whose decisions may be determined by another legal entity (hereinafter referred to as the main organization) on the basis of the prevailing share of participation in the authorized capital or the contract concluded between them, or otherwise.

2. A subsidiary organization shall not be liable for the debts of its principal organization.

The holding organization, which in accordance with an agreement (or otherwise) with the subsidiary organization, has the right to give necessary instructions to the subsidiary company , is liable together with the subsidiary company on the transactions which are concluded by the subsidiary company in accordance with such instructions.

In the case of bankruptcy of a subsidiary organization, due to a fault of the principal organization, the latter shall bear subsidiary liability with regard to its debts.

A subsidiary organization may not purchase shares of the main organization, except for financial organizations that have the right to own shares of the main organization in the amount of not more than ten percent of the voting shares of such an organization.

3. The participants of a subsidiary organization shall have the right to demand from the principal organization of the compensation of losses caused by its fault to the subsidiary organization, unless it is otherwise established by legislative acts.

4. Special considerations with regard to the status of subsidiary organizations, which are not specified in this Article, shall be defined by legislative acts.

Footnote. Article 94 is in the wording of the Law of the Republic of Kazakhstan dated July 10, 1998 № 282. Amended by the Law of the Republic of Kazakhstan dated May 16, 2003 № 416; dated 22.04.2015 № 308-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 95. Related Joint-Stock Company

1. A joint-stock company shall be recognized as related if the other (participating, majority) legal entity has more than 20% of its voting shares.

2. Is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar day after its first official publication).

3. Is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar day after its first official publication).

4. Special considerations concerning related joint-stock companies and joint-stock companies mutually participating in issued (paid-up) charter capitals of each other's, which are not provided for by this Article, shall be defined by legislative acts.

5. The participating (prevailing) legal entity is obliged to publish information on the acquisition of more than twenty percent of the voting shares of the joint-stock company in the procedure, established by laws.

Footnote. Article 95 as amended by the Law of the Republic of Kazakhstan dated 11.07.1997 № 154; dated 10.07.1998 № 282; dated 16.05.2003 № 416; dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar day after its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

V. Production Co-operative

Article 96. General Provisions Concerning Production Co-operatives

1. A voluntary association of citizens on the basis of the membership for joint entrepreneurial activities, which is based on personal labor participation and the co-operation

by the members of their property contributions, shall be recognized as production co-operatives.

2. Members of a co-operative must be not less than two.

3. Members of a production co-operative shall bear a complimentary (subsidiary) liability on the obligations of the co-operative in the amounts in accordance with the procedure stipulated by the law concerning production co-operatives.

4. The legal status of production co-operatives and its members shall be determined in accordance with this Code and legislative acts.

5. Legal status of an agricultural cooperative established in the form of a production cooperative, as well as the legal status, rights and duties of its members are determined by this Code and other laws of the Republic of Kazakhstan, with the exception of cases stipulated by the Law of the Republic of Kazakhstan "On Agricultural cooperatives".

Footnote. Article 96 as amended by the Law of the Republic of Kazakhstan dated March 2 , 1998 № 211; dated 29.10.2015 № 373-V (shall be enforced from 01.01.2016).

Article 97. Charter of a Production Co-operative

The charter of a production co-operative must contain aside information indicated in paragraph 5 of Article 41 of this Code, the provisions concerning the size of unit shares of the co-operative's members; concerning the composition and the procedure for making contributions by the co-operative members and their liability for violating obligations associated with the making of contributions; concerning the nature and the procedure for the labor participation of its members in the activities of the co-operative, and their liability for violating the obligations with regard to the personal labor participation; concerning the procedure for the distribution of losses net income of the co-operative; concerning the membership and the authority of the governing bodies of the co-operative and the procedure for their adoption of decisions, in particular concerning the issues on which decisions are adopted unanimously or by a qualified majority of votes.

Footnote. Article 97 as amended by the Laws of the Republic of Kazakhstan dated July 11 , 1997 № 154; dated March 2, 1998 № 211.

Article 98. Property of a production co-operative

1. Property which is in the ownership of a production co-operative, shall be divided into unit shares of its members in proportion to their contributions, unless it is otherwise stipulated in the charter of a given co-operative.

2. Net income of a co-operative shall be distributed amongst its members in accordance with their labor participation, unless any other procedure is stipulated in the charter of the co-operative.

3. In case of liquidation of a production co-operative, or a member exiting the co-operative, that member shall have the right to appropriation of his unit share.

Footnote. Article 98 as amended by the Laws of the Republic of Kazakhstan dated July 11 , 1997 № 154; dated March 2, 1998 № 211.

Article 99. Managing Production Co-operatives

1. The supreme body of a production cooperative is the general meeting of its members.

A supervisory board may be set up in a production cooperative, which monitors the activities of the executive body of the cooperative. Members of the supervisory board are not entitled to act on behalf of the production cooperative.

The executive body of the cooperative is the board or a chairman of the cooperative.

The executive body carries out the current management of the cooperative and is accountable to the supervisory board and the general meeting of members of the cooperative.

Members of the cooperative may only be members of the supervisory board and the management board of the production cooperative. A member of the cooperative may not simultaneously be a member of the supervisory board and a member of the board (a chairman of the cooperative).

2. The authority of the governing bodies of a productionco-operative and the procedure for its adoption of decisions as well as their acting on behalf of the co-operative shall be determined in legislative acts and the foundation documents.

3. The following shall be referred to the executive authority of the general meeting of the members of a productionco-operative:

1) alteration of the charter of the co-operative;

2) formation of the executive, audit bodies and supervisory council, and the removal of their members;

3) acceptance and exclusion of the members of the co-operative.

4) approval of financial statements of the co-operative and distribution of its net income;

5) the decision concerning the reorganization or liquidation of the co-operative.

Also, any other issues may be referred by legislative acts and the foundation documents to the exclusive authority of the general meeting.

3-1. In cases when the production cooperative is declared bankrupt or the rehabilitation procedure is applied and a temporary or bankrupt or rehabilitation manager is appointed in accordance with the procedure established by law, all powers to manage it are transferred to the temporary or bankrupt or rehabilitation manager, respectively.

4. When a decision is adopted by the general meeting a member of a co-operative shall have one vote.

Footnote. Article 99 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154; dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days

after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 100. Cessation of Membership in a Production Co-operative

1. A member of a production co-operative shall have the right to leave the co-operative at his (her) discretion. In that case, he (she) must be paid or given his (her) share and also he (she) must be issued any other benefits, which are stipulated in the charter.

The return of the share or any other assets to the co-operative member who is leaving shall be carried out upon expiry reporting period and the approval of the financial statements of the co-operative.

2. A member of a production co-operative may be excluded from the co-operative upon the decision of the general meeting in the case of a failure to execute or improper execution of the duties which are delegated to him (her) by the charter of the co-operative and also in any other cases which are stipulated in legislative acts and the foundation documents.

The exclusion from membership of a production co-operative may be challenged in the court.

A member of a production co-operative may be excluded from it upon the decision of the General meeting in relation to the membership in a similar co-operative.

A member of a production co-operative who is excluded from it shall have the right to get the share and any other benefits which are stipulated in the charter of the co-operative, in accordance with the paragraph 1 of this Article.

3. A member of a production co-operative shall have the right to transfer his (her) share or its part to any other co-operative member, unless otherwise stipulated in legislative acts and the foundation documents.

The transfer of a share (part thereof) to a citizen, who is not a member of the production co-operative, shall only be allowed with the consent of the co-operative. In that case, the other members of the cooperative shall exercise the pre-emption right in the purchase of such a share (its part).

4. In case of death of a member of a production co-operative, his (her) heirs may be accepted into the cooperative as members, unless it is otherwise stipulated in the charter of the co-operative. In the case of a refusal of an heir of the deceased co-operative member to enter the co-operative, or a refusal of the cooperative to accept an heir, he (she) shall be paid a share in the property proportionate to the share of the deceased co-operative member, as well as a part of the co-operative's net income due to the deceased, and remuneration for personal labor participation in the activity of the co-operative.

5. The claims against the share of a production co-operative member related to his (her) personal debts shall be allowed only in the case of the shortage of his (her) other assets for covering such debts, in accordance with the procedure stipulated in legislative acts and the foundation documents of the co-operative.

Footnote. Article 100 as amended by the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211; dated August 7, 2007 № 321 (shall be enforced from the date of its official publication).

Article 101. Reorganization and Liquidation of a Production Co-operative

1. A production co-operative may be voluntarily reorganized or liquidated upon the resolution of the General meeting of its members.

Any other grounds and the procedure for reorganization and liquidation of a production co-operative shall be determined in this Code and other legislative acts.

2. A production co-operative, upon the unanimous decision of its members, may be transformed into a business partnership.

VI. State Enterprise

Article 102. Fundamental Provisions Concerning the State Enterprise

1. The following shall be referred to state-owned enterprises:

1) those based on the economic management;

2) those based on the right to operational management (public enterprise).

2. The assets of a state-owned enterprise shall be indivisible and it may not be distributed by contributions (shares, unit shares), including among the workers of the enterprise.

3. The commercial name of state-owned enterprises must contain the indication of the ownership of its assets.

Note RCLI!

This edition of paragraph 4 is valid dated 01.01.2018 for cities of district importance, villages, settlements, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (valid until 01.01.2020 for cities of district importance, villages, settlements, rural districts with a population of two thousand people or less, see the archive version of the Civil Code of the Republic of Kazakhstan dated 25.12.2017 № 268-XIII).

4. A state enterprise shall be established, liquidated and reorganized in accordance with the laws of the Republic of Kazakhstan.

Note RCLI!

Part one of point 5 is valid dated 01.01.2018 for cities of district importance, villages, settlements, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (valid until 01.01.2020 for cities of district importance, villages, settlements, rural districts with a population of two thousand people or less, see the archive version of the Civil Code of the Republic of Kazakhstan dated 25.12.2017 № 268-XIII).

5. The body of a state enterprise shall be a director, who shall be appointed in accordance with the procedure established by the laws of the Republic of Kazakhstan.

5-1. In cases when a state enterprise is declared bankrupt or the rehabilitation procedure is applied and a temporary or bankrupt or rehabilitation manager is appointed in accordance with the procedure established by law, all powers to manage it are transferred to the temporary or bankrupt or rehabilitation manager, respectively.

6. (Is excluded).

7. The status of a state enterprise and a public enterprise shall be determined by this Code and other legislative acts.

Footnote. Article 102 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication); dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 11.07.2017 № 90-VI (the order of enactment see paras. 1), p.1 of article 2).

Article 103. Enterprise Based on the Economic Management

1. The charter approved by the foundation party, shall be the foundation document of an enterprise based on the economic management.

2. An enterprise which is based on the economic management shall be liable on its obligations with all the property belonging to it.

An enterprise which is based on the economic management shall not be liable upon the obligations of the state.

The state shall not be liable for the obligations of an enterprise based on the economic management, except for the cases, stipulated by this Code and other legislative acts.

Footnote. Article 103 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 104. A Public Enterprise

1. An enterprise which possesses the state-owned assets under the right to operational management shall be a public enterprise.

Note RCLI!

This edition of paragraph 2 is valid dated 01.01.2018 for cities of district importance, villages, settlements, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (valid until 01.01.2020 for cities of district importance, villages, settlements, rural districts with a population of two thousand people or less, see the archive version of the Civil Code of the Republic of Kazakhstan dated 25.12.2017 № 268-XIII).

2. The state enterprise shall be established by the decision of the Government of the Republic of Kazakhstan or the local executive body or the akim's office of the city of district significance, village, settlement, rural district in accordance with the laws of the Republic of Kazakhstan.

3. The charter approved by the foundation party shall be the foundation document of the public enterprise.

4. The commercial name of an enterprise based on the right to operational management, must contain an indication that the enterprise is public.

5. Business activities of a public enterprise shall be determined by its aims and objectives which are stipulated in its charter.

6. The Republic of Kazakhstan or the administrative and territorial unit shall bear the subsidiary liability upon the obligations of public enterprises. With regard to contractual obligations the liability shall arise in accordance with the procedure as established by legislative acts concerning state owned enterprises.

Footnote. Article 104 as amended by the Laws of the Republic of Kazakhstan dated 16.12.1998 № 320; 01.03.2011 № 414-IV (shall be enforced from the date of its official publication); dated 11.07.2017 № 90-VI (the order of enactment see paras. 1), paragraph 1 of Article 2).

VII. Non-Commercial Organization

Article 105. An Institution

1. An organization created and financed by its founder for the performance of managerial, social and cultural or any other functions of non-commercial nature, shall be recognized as institution.

Note RCLI!

This edition of paragraph 2 is valid dated 01.01.2018 for cities of district importance, villages, settlements, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (valid until 01.01.2020 for cities of district importance, villages, settlements, rural districts with a population of two thousand people or less, see the archive version of the Civil Code of the Republic of Kazakhstan dated 25.12.2017 № 268-XIII).

2. A state institution is an institution established by the state in accordance with the Constitution of the Republic of Kazakhstan and the laws of the Republic of Kazakhstan or legal acts of the President of the Republic of Kazakhstan, the Government of the Republic of Kazakhstan and local executive bodies of regions, cities of national importance, the capital, districts, cities of regional importance, as well as the apparatuses of the akims of cities of district importance, villages, settlements, rural districts, and contained only at the expense of the budget or budget (cost estimate) of the National Bank of the Republic of Kazakhstan, if

additional sources of financing shall not be established by the laws of the Republic of Kazakhstan.

3. Assumption of the contractual obligations shall be carried out in accordance with the Budget Code of the Republic of Kazakhstan.

4. Legal rights of the enterprises shall be specified by this Code, legislative acts of the Republic of Kazakhstan.

Footnote. Article 105 is in the wording of the Law of the Republic of Kazakhstan dated 01.03.2001 № 414-IV (shall be enforced from the date of its first official publication); with the change introduced by the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (the order of implementation, see paras. 1), paragraph 1 of Article 2).

Article 106. A Pubic Association

1. In the Republic of Kazakhstan political parties, trade unions and other associations of citizens created on a voluntary basis for the attainment by them of the goals in common which do not contradict legislation, shall be recognized as public associations.

Creation and participation features of public associations for individuals shall be specified by the legislative acts of the Republic of Kazakhstan.

Members (participants) of public associations do not have rights to the property transferred by them to these associations, including to membership fees, unless otherwise provided by the legislation of the Republic of Kazakhstan on self-regulation. They are not liable for the obligations of public associations in which they participate as members (participants), and these associations are not liable for the obligations of their members (participants), unless otherwise provided by the legislation of the Republic of Kazakhstan on self-regulation.

2 - *6. They are excluded by the Law of the Republic of Kazakhstan dated 02.03.1998 № 211.*

7. Assets of a public association which is liquidated upon the resolution of the convention (conference) or the general meeting shall be used on the purposes which are stipulated in its charter.

Assets of a public association liquidated upon a court decision shall be used in accordance with this Code or other legislative acts.

8. The legal status of public associations shall be determined by legislative acts in accordance with this Code.

Footnote. Article 106 as amended by the Decree of the President of the Republic of Kazakhstan having the force of the Law dated 05.10.1995 № 2489; by the Laws of the Republic of Kazakhstan dated 11.07.1997 № 154; dated 02.03.1998 № 211; dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2); dated 12.01.2012 № 537-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.12.2023 № 49-VIII (shall be enforced ten calendar days after the date of its first official publication).

Article 107. A Public Foundation

1. A non-commercial organization without any membership, which is founded by citizens and (or) legal entities on the basis of their voluntary property contributions, and which pursues social, educational, and any other publicly-useful purposes shall be recognized as a public foundation.

2. A public foundation shall be a legal entity and in the Civil rights turnover it shall be represented by the bodies of the foundation, it shall have an independent balance-sheet and the bank account.

3. The assets which are transferred to a public foundation by its founders shall be property of the foundation.

Founders of a foundation shall have not property rights with regard to the property of a given public foundation.

4. Financial source of the fund is the money, as well as other assets of the founders, voluntary donations and other legal inflows.

5. The procedure for managing a public foundation and the procedure for the formation of its bodies shall be determined by its charter as approved by the founder.

The charter of a public foundation, aside from the information contained in paragraph 5 of Article 41 of this Code, must contain information about the institutions of the foundation, on the procedure for the appointment of the officials of the foundation and their dismissal, the allocation of the foundation property in the event of its liquidation.

6. The foundation shall be obliged to publish in official publications annually the reports concerning the use of its assets.

7. Upon the resolution of the court a public foundation may be liquidated in the following cases:

1) where the assets of the foundation are not sufficient for attaining its objectives and the probability of obtaining the required assets is not realistic;

2) where the purposes of a foundation may not be reached and appropriate changes of foundation's objectives may not be made;

3) in the event that the foundations in its activities deviates from the objectives stipulated in its charter;

4) in any other cases which are stipulated in legislative acts or the foundation documents.

8. The assets which remain after the liquidation of a public association shall be used for the purposes contemplated in its charter.

Footnote. Article 107 as amended by the Law of the Republic of Kazakhstan dated 27.04.2012 № 15-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 16.11.2015 № 403-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 108. Consumer Co-operatives

1. A consumer co-operative shall be recognized as a voluntary association of citizens on the basis of the membership, for the satisfaction of their financial and or any other needs, which is implemented by way of its members uniting their property (share) contributions.

In the cases provided by the legislative acts, legal entities may enter the consumer co-operative.

2. Members of a consumer co-operative shall be obliged to cover within three months after the approval of the annual balance-sheet the formed losses, by way of additional contributions. In the case of a failure to execute this obligation, the co-operative may be liquidated in a judicial procedure upon demand of the creditors.

Members of a consumer co-operative shall jointly bear a subsidiary liability with regard to its obligations, within the limits of the unpaid amount of the additional contribution of the co-operative members.

3. The charter of the consumer co-operative must contain, aside from the information indicated in the paragraph 5 of Article 41 of this Code, the conditions with regard to the size of the co-operative member shares; the composition and procedure for contribution of shares by the co-operative members and their responsibility for the violation the obligations associated with the contribution of the shares; concerning the composition and the authority of the governing bodies the co-operative and the procedure for adopting by them of the resolutions, including on the issues, the resolutions on which are to be adopted unanimously or by a qualified majority of votes; concerning the procedure for the compensation by the members of the losses incurred by the co-operative.

4. Income received by a consumer co-operative may not be distributed amongst its members and it shall be used on the charter purposes.

5. In the case of the liquidation of a consumer co-operative, or in the case of departure from it of a co-operative member, he (she) shall have the right to appropriate his (her) share in the assets of the consumer cooperative in proportion to his (her) share. In the case of death of a co-operative member, his (her) heirs shall have the priority right to be accepted as members of the co-operative, unless otherwise stipulated in the co-operative charter. In the latter case the co-operative shall pay to the heirs the share in the property of the consumer co-operative, in proportion to his (her) share.

6. The legal status of the consumer co-operative, and also the rights and obligations of its members, shall be determined by legislative acts in accordance with this Code.

7. Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 № 373-V (shall be enforced from 01.01.2016).

8. Features of the consumer cooperatives - mutual insurance companies are determined by legislative acts of the Republic of Kazakhstan.

Footnote. Paragraph 1 of Article 108 is supplemented with the paragraph 2 by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211; dated July 5, 2006 № 164 (the order of enforcement see Art. 2); dated 29.10.2015 № 373-V (shall be enforced from 01.01.2016).

Article 109. Religious Association

1. A voluntary association of citizens who unite in accordance with the procedure stipulated in legislative acts, on the basis of their common interests for satisfying their spiritual needs, shall be recognized as religious associations.

2. *(Is excluded)* .

3. Religious associations in the Republic of Kazakhstan, which have governing centers beyond the boundaries of the Republic, shall be subject to registration at the bodies of justice. Charters (articles) of the governing centers may be used as a basis of charter (articles) of such religious associations, if they do not contradict legislation of the Republic of Kazakhstan.

4 - *8. (They are excluded).*

9. A religious association shall have the right to own the assets which are acquired or created by it at the expense of its own resources, as well as those donated by citizens, or organizations, or those transferred by the State, and acquired on any other grounds, which do not contradict legislative acts.

10. The participants (members) of a religious association shall not retain rights with regard to the assets which are transferred by them to that organization, including their membership fees. They shall not be liable for the obligations of the religious association and the religious association shall not be liable for the obligations of its members.

11. Special considerations concerning the legal status of religious associations shall be determined in accordance with this Code and legislative acts of the Republic of Kazakhstan.

Footnote. Article 109 as amended by the Decree of the President of the Republic of Kazakhstan having the force of the Law dated October 5, 1995 № 2489. Paragraphs 2, 4-8 are excluded by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 110. Amalgamation of individual entrepreneurs and (or) legal entities in the form of an association (union)

1. Individual entrepreneurs and legal entities may create associations (unions) in order to coordinate their entrepreneurial activities, and also to provide and protect their common interests.

Creation and participation features of legal entity associations (unions), which carry out their activity in the financial trade, shall be specified by the legislative acts of the Republic of Kazakhstan.

2. Public associations and any other non-commercial organizations, including institutions, may voluntarily unite into associations (unions) of those organizations.

3. Associations (unions) shall be non-commercial organizations.

4. Members of an association (union) shall retain their independence and the rights of legal entities.

5. An association (union) is not responsible for the obligations of its members, unless otherwise provided by the laws of the Republic of Kazakhstan and the constituent documents. Members of the association (union) bear subsidiary responsibility for its obligations in the amount and in the manner prescribed by the constituent documents of the association (union), unless otherwise stipulated by the laws of the Republic of Kazakhstan.

Footnote. Article 110 as amended by the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211; dated May 16, 2003 № 416; dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated 12.11.2015 № 391-V (shall be enforced upon expiry of six months after the day its first official publication).

Paragraph 3. Participation of the State and Administrative-Territorial Units In Relations Regulated by Civil Legislation

Article 111. Participation of the Republic of Kazakhstan in the Civil Law Relations

1. The Republic of Kazakhstan shall act in relations which are regulated by the civil legislation on the basis of principles which are equal with any other participants in those relations.

2. The public bodies of the Republic of Kazakhstan within the bounds of their authority established by legislative acts, regulations or any other acts which determine the status of those bodies, may by their actions acquire and exercise property and personal non-property rights and obligations, may act in the court on behalf of the Republic of Kazakhstan.

Any other State bodies, legal entities and citizens may act on behalf of the Republic of Kazakhstan in the cases and in accordance with the procedure stipulated in legislation, upon its special mandate.

3. The civil rights disputes in which the Republic of Kazakhstan is a participant shall be settled by courts.

Footnote. Article 111 as amended by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from that of its official publication).

Article 112. Participation of the Administrative and Territorial Units in the Civil Law Relations

1. An administrative and territorial unit shall act in the relations regulated by the civil rights legislation on principles equal to those by which any other participants of those relations act.

Part one of point 2 is valid dated 01.01.2018 for cities of district importance, villages, settlements, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (valid until

01.01.2020 for cities of district importance, villages, settlements, rural districts with a population of two thousand people or less, see the archive version of the Civil Code of the Republic of Kazakhstan dated 25.12.2017 № 268-XIII).

2. On behalf of an administrative-territorial unit may acquire and exercise property and personal non-property rights and obligations, act in court, local representative and executive bodies, as well as the apparatuses of the akims of cities of district significance, villages, settlements, rural districts within their competence, established by the laws of the Republic of Kazakhstan, regulations or other acts determining the status of these bodies.

In the cases and in accordance with the procedure stipulated in legislation, and upon special instructions, local state bodies, legal entities and citizens may act on behalf of an administrative and territorial unit.

3. In the cases determined by legislation, an administrative and territorial unit may act in civil rights relations on behalf of the State.

4. The provisions of this Code concerning the participation, respectively, of the State and its bodies in relations regulated by civil rights legislation shall apply to administrative and territorial units and their bodies, unless otherwise stipulated by legislation.

5. Civil law rights disputes with the participation of an administrative and territorial unit shall be settled by the courts.

Footnote. Article 112 as amended by the Law of the Republic of Kazakhstan № 90-VI dated 11.07.2017 (for the procedure of implementation, see paragraphs 1 and 1 of Article 2).

Article 113. Imposition of Claims for the Obligations of the Republic of Kazakhstan and Administrative and Territorial Units

1. The Republic of Kazakhstan shall be liable for its obligations with the property of the State treasury, while an administrative and territorial unit shall be liable for its obligations with the property of the local treasury.

2. The Republic of Kazakhstan and the administrative and territorial units shall not be liable for the obligations of one another and also for the obligations of citizens and legal entities, while citizens and legal entities shall not be liable for the obligations of the Republic of Kazakhstan and administrative and territorial units except for the cases stipulated by this Code and legislative acts.

Article 114. Application of the Provisions Concerning Legal Entities to the State and to Administrative and Territorial Units

The provisions which determine the participation of legal entities in the relations regulated by civil legislation shall apply to the State and to administrative and territorial units, unless otherwise ensues from legislative acts.

Chapter 3. Objects in Civil Rights
Paragraph 1. General Provisions

Article 115 of Objects in Civil Rights

1. The property and the personal non-property privileges and rights may be objects in civil rights.

2. Property benefits and rights (property) shall include: things, money, including foreign currency, financial instruments, works, services, objective results of creative intellectual activity, corporate names, trademarks and other means of individualization of products, property rights, digital assets and other property.

2-1. Legal regime of objects or property rights shall be applied respectively to the money and the rights (claims) for money liability (rights of claim for payment of money).

3. Life, health, the dignity of a person, honor, good name, business reputation, inviolability of private life, personal and family secrets, the right to name, the right to be an author, the right to inviolability of production and any other intangible privileges and rights shall be referred to the personal non-property privileges and rights.

Footnote. Article 115 as amended by the Laws of the Republic of Kazakhstan dated 12.01.2007 № 225 (shall be enforced from the date of its official publication); dated 10.12.2008 № 101-IV (shall be enforced from 01.01.2009); dated 25.06.2020 № 347-VI (shall enter into force upon the expiry of ten calendar days after the day of the first official publication).

Article 116. Turnover Capacity of the Objects of Civil Rights

1. Objects of the civil rights may be freely alienated or transferred from one person to another in the course of the universal legal successorship (inheritance, reorganization of a legal entity) or by any other method, unless they are exempt from circulation or restricted in their turnover.

2. Types of property, the alienation of which is not allowed (withdrawn from circulation), should be directly specified in the laws.

3. Types of property that can belong only to certain participants in the turnover or the acquisition or alienation of which is allowed by special permission (not fully tradable) are determined by legislation.

3-1. The concept and types of digital assets, as well as the features of the turnover of digital assets shall be determined by the legislation of the Republic of Kazakhstan, acts of the “Astana” International Financial Center.

4. The personal non-property privileges and rights shall be unalienable and non-transferable by any other method, except for the cases which are established by legislative acts.

Footnote. Article 116 as amended by the Law of the Republic of Kazakhstan 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 25.06.2020 № 347-VI (shall enter into force upon the expiry of ten calendar days after the day of the first official publication).

Article 117. Movable and Immovable Assets

1. Immovable property (immovable assets, real estate) includes the following: land plots, buildings, structures, perennial plantations, and other property, which is firmly associated with their physical location, i.e. entities for which the transportation of which is impossible without infliction of disproportional damage to their designation.

Apartments and other accommodations, as well as non-residential premises, which are part of a condominium, shall be recognized as independent immovable property object (type), if they are in the individual (separate) property.

2. Also, air and sea vessels, vessels of domestic water travel, vessels of river and sea sailing, and cosmic facilities, shall be equated to immovable objects which are subject to state registration. Any other assets may be recognized as immovable objects by legislative acts.

Provisions of this Code and other legislative acts, which regulate relations connected to the immovable things, shall be applied to the things specified in this paragraph in the case explicitly provided by the legislative acts of the Republic of Kazakhstan.

3. Assets which are not recognized as immovable, including money and securities, shall be recognized as movable assets. The registration of rights in relation to movable assets shall not be required, except for the cases stipulated in legislative acts.

Footnote. Article 117 is in the wording of the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication), as amended by the Law of the Republic of Kazakhstan dated 22.06.2012 № 21-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 118. State Registration of Rights to Immovable Properties

1. Rise, change and termination of rights (burden of right) to immovable properties shall be subject to the State registration in the cases provided by this Code and the Law of the Republic of Kazakhstan "On Registration of Rights to Immovable Property and of Transactions Therein".

Other objects of State registration related to the immovable properties shall be specified by the Law of the Republic of Kazakhstan Concerning the Registration of Rights to Immovable Property and of Transactions Therein.

2. Rights (encumbrances of rights) to immovable property arise, change and terminate from the moment of state registration, unless otherwise established by this Code and the Law of the Republic of Kazakhstan "On state registration of rights to real estate." If registration is

not denied, the moment of state registration is the moment of filing the application, and when electronic registration - the moment of confirmation of occurrence, change or termination of rights (encumbrances of rights) by the registering authority by sending notification of the registration.

3. The body which carries out the State registration of the rights to immovable properties shall be obliged to certify the effected registration, upon the petition of the title holder, by way of signing a document presented for registration.

4. State registration of the rights to immovable properties and of transactions therein shall be public. The body which carries out the registration shall be obliged to present the information concerning the registered which to any person taking into account limitations specified by the Law of the Republic of Kazakhstan Concerning the Registration of Rights to Immovable Property and of Transactions Therein.

5. Denial of state registration of the right to immovable property or unreasonable evasion of registration may be appealed in accordance with the procedure established by the Laws of the Republic of Kazakhstan.

6. The procedure of state registration shall be established in accordance with this Code, and by the law of the Republic of Kazakhstan Concerning the Registration of Rights to Immovable Property and of Transactions Therein.

7. The procedure of the State registration of the air and sea vessels, vessels of domestic water travel, vessels of river and sea sailing, and cosmic facilities, as the objects equated to immovable property shall be regulated by the laws of the Republic of Kazakhstan in the sphere of use of air space and aviation activity, merchant shipping, inland water transport, cosmic activities.

Footnote. Article 118 is in the wording of the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 06.01.2012 № 529-IV (shall be enforced upon expiry of twenty one calendar days after its first official publication); dated 29.12.2014 № 269-V (shall be enforced from 01.01.2015); dated 29.06.2020 № 351-VI (shall enter into force from 01.07.2021).

Article 119. An Enterprise

1. A property complex which is used for carrying out entrepreneurial activities shall be recognized as an enterprise that is an object of rights.

2. As a property complex, an enterprise shall include all thes of assets which are intended for its operation, including buildings, installations, equipment, tools, raw materials, inventories, the right to a land plot, the right to claim, debts and also the right to designations which individualize its activities (commercial name and trade marks), and any other exclusive rights, unless otherwise stipulated in an agreement.

3. An enterprise as a whole, or a part thereof, may be an object in purchasing and selling, pledging, leasing and any other transactions which are related to the establishment, alteration or cessation of corporeal rights.

3-1. Features of the State registration of the rights to the immovable properties, component of the enterprise as the property complex shall be established by the Law of the Republic of Kazakhstan Concerning the Registration of Rights to Immovable Property and of Transactions Therein.

4. When debts are acquired as part of an enterprise recognized as a property complex, the rights of creditors shall be guaranteed in accordance with the procedure provided for by Article 48 of this Code.

Footnote. Article 119 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 120. Divisible and Indivisible property

1. Property may be divisible and indivisible.

Divisible property shall be assets, parts whereof do not lose their designation (function) as result of division.

Indivisible property shall be property which may not be divided without changing its economic designation (function), or which is not to be subdivided by virtue of a prescription in a legislative act.

2. Features of indivisible items as objects in law, shall be determined in legislation.

Article 121. Compound Items

1. When heterogeneous items form a single unit which permits the use in accordance with its designation, determined by the nature of their combination, they shall be deemed to be a single object (complex objects).

2. The effect of a transaction which is concluded with regard to a compound items, shall apply to all its constituent parts, unless an agreement provides otherwise.

Article 122. A Principal Item and its Accessory Components

An accessory, that is, an item designed to serve a main item and which is tied to it by joint economic designations, shall follow the purpose of the main item, unless legislation or agreement stipulate otherwise.

Article 123. Fruit, Production and Income

Income obtained as a result of using assets (fruit, production, income), shall belong to the person who uses those assets on a legal basis, unless it is otherwise stipulated in legislation or in the agreement concerning the use of that asset.

Article 124. Animals

General rules concerning objects shall apply to animals in so far as legislation does not stipulate otherwise.

Article 125. Intellectual Property

1. In cases and in accordance with the procedure stipulated in this Code and other legislative acts, an exclusive right of a citizen, or a legal entity shall be recognized with regard to the results of intellectual creative activities and to the ways of individualization of a legal entity, of the production by a private person or a legal entity, work performed by it or services rendered, which are equated thereto (commercial name, trade mark, service mark etc.).

2. The use of the results of intellectual creative activity and means of individualization, which may be the object of exclusive rights (intellectual property), may be exercised by third parties only with the consent of the right holder, except for the cases provided for by legislative acts of the Republic of Kazakhstan.

Footnote. Article 125 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211; dated 07.04.2015 № 300-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 126. Service and Commercial Secrets

1. Civil legislation shall protect information which constitutes a service or a commercial secret in a case where the information has actual or potential commercial value by virtue of its being unknown to third persons, if there is no access thereto on a legitimate basis and the possessor of the information makes efforts to protect its confidentiality.

2. Persons who by illicit methods obtain such information, and also employees who in spite of their service agreement, or counter-parties in spite of their civil rights agreement, divulge a service or a commercial secret, shall be obliged to compensate for the inflicted damage.

Article 127. Money (currency)

1. The Tenge shall be the monetary unit in the Republic of Kazakhstan.

2. The Tenge shall be the legal tender, which is obligatory for acceptance, in accordance with its nominal value, in the entire territory of the Republic of Kazakhstan.

3. Payments in the territory of the Republic of Kazakhstan shall be carried out in the form of cash payments and non-cash payments.

4. The cases, the procedure and the conditions for settlement in foreign currency in the territory of the Republic of Kazakhstan shall be determined by legislation of the Republic of Kazakhstan.

Article 128. Currency Assets

1. Thes of assets which are recognized as currency assets and the procedure for transactions involving them, shall be determined by legislative acts.

2. The right to own currency assets shall be protected in the Republic of Kazakhstan on common principles.

Paragraph 1-1. Financial Instruments

Footnote. Section 3 is supplemented with the paragraph 1-1 in accordance with the Law of the Republic of Kazakhstan dated 10.12.2008 № 101-IV (shall be enforced from 01.01.2009).

Article 128-1. Financial Instruments

1. Financial instrument - money, securities, including derivative securities, derivative financial instruments and other financial instruments, which simultaneously give rise to a financial asset for one person and a financial liability or an equity instrument for another person.

2. Financial asset - any asset that represents money, equity instrument of another person, contractual right to receive money or other financial asset from another person or to exchange financial assets or financial liabilities with another person on potentially beneficial terms, or such a contract, the settlement of which will be or may be made by the person's own equity instruments and which is a derivative instrument under which the person has or may have an obligation to receive a variable number of own equity instruments or a derivative that will or may be settled in any other way than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

3. Financial liability is any liability that represents a contractual obligation to deliver cash or another financial asset to another person or to exchange financial assets or financial liabilities with another person on potentially unfavourable terms, or a contract that will or may be settled by the entity's own equity instruments and that is a non-derivative instrument for which the entity has, or may have, an obligation to provide a variable number of its own equity instruments, or that is, or may be otherwise settled by exchanging a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

4. Equity instrument shall be any contract, confirming the right for the residual claim on total assets of the organization, remaining after the holdback of all its obligations.

Footnote. Article 128-1 as amended by the Law of the Republic of Kazakhstan № 166-VI dated. 02.07.2018 (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 128-2. Derivative Financial Instruments

1. Derivative financial instrument shall be the contract, which cost depends on the value (including the variation of the value) of underlying asset of the contract, foreseeing the conduction of the calculation on the current contract in the future.

2. The options, the futures, the swaps and other derivative financial instruments, which measure up the given features and which particularly represent the combination of the above listed derivative financial instruments shall refer to the derivative financial instruments.

3. The goods, the standardized consignments of goods, the securities, currency, the indices, the interest rate and other assets, having market value, the future event or circumstance, the derivative financial instruments shall be the underlying assets of the derivative financial instruments.

Article 128-3. The Option

1. The option shall be the derivative financial instruments, according to which one party (option seller) sells to another party (option buyer) the right to buy or to sell the underlying asset on the stipulated price and on the settled terms in the future.

2. The option seller shall sell the option to the option buyer for a fee, referred to as premium. The settled terms of the option shall be regarded as the settlement of the following obliged terms: of the underlying asset, the total cost of the underlying asset (the sum to which the option is settled), the cost of the underlying asset (strike price), the option premium, the term of the option (validity period of the option), of the option.

3. The option shall be considered to be executed, if the option buyer reorganizes the purchased right.

Article 128-4. The Swap

The swap shall be the derivative financial instrument, according to which the parties agree to exchange the payments on the underlying assets or by the underlying assets on the settled terms in the future.

Article 128-5. The Forward

1. The forward shall be the derivative financial instrument, which buyer (or seller) undertakes an obligation upon the expiry of designated period to buy (or to sell) the underlying asset on the settled terms in the future.

2. Forward is occurred in the unorganized market.

Article 128-6. The Futures

The futures shall be the derivative financial instrument, tradable only in the organized market, which buyer (or seller) undertakes an obligation to buy (or to sell) the underlying asset upon the expiry of designated period, on the standard terms, settled in the organized market.

Paragraph 2. Securities

Article 129. The Securities

1. A Security shall be the set of the appropriate records and other designations, which satisfy the property rights.

1-1. The securities may be debt and share.

The debt securities shall be the securities, which prove the obligation of the emitter (debtor) to pay the principal on the terms issue of the assets.

The share security shall be the security, which proves the right of its owner for the definite interest in estate in the cases, specified by the legislation of the Republic of Kazakhstan.

2. The assets, the obligations and others of the securities, determined in accordance with this Code and other legislative acts of the Republic of Kazakhstan shall refer to the securities.

3. The securities due to the form of issuance shall be subdivided in:

1) certified and uncertificated;

2) equity and private;

3) inscribed, bearer and order.

Certified securities shall be the securities, issued in documentary form (on the paper or other material media with the opportunity to read the content of the security without using special equipment).

Uncertificated securities shall be the securities, issued in non-documentary form (in the form of the set of electronic records).

3. In the cases which are stipulated in legislative acts, for the exercise of a conveyance of the rights certified by a security, it shall be sufficient proof to establish in the special register (usual or electronic records).

Equity securities shall be the securities, which within one issue have similar features and attributes, which are placed and turned on the terms uniform for the current issue.

Private securities shall be the securities, which do not correspond to the features, indicated in the part four of this paragraph.

Inscribed security shall be the security, confirming the accessory of the rights, certified by it, to the person mention in it.

Bearer security shall be the security, confirming the accessory of the rights, certified by it, to the bearer of the security.

Order security shall be the security, confirming the accessory of the rights, certified by it, to the person mention in it, and to another person, in the case of transfer of these rights in the order specified by paragraph 3 of Article 132 of this Code.

4. The possibility of producing a certain of securities in one form or another may be excluded by this Code and other legislative acts of the Republic of Kazakhstan.

Footnote. Article 129 is in the wording of the Law of the Republic of Kazakhstan dated May 16, 2003 № 416, as amended by the Law of the Republic of Kazakhstan dated 10.12.2008 № 101-IV (shall be enforced from 01.01.2009).

Article 130. Confirmation of the Rights for the Securities

1. The right of ownership of a security is proved by the possession of the certificate of security itself. In the case of transfer of the documentary security for safekeeping to a professional member of the security market, who is authorized to keep such securities by way of a license issued to him (her) or in accordance with legislative acts of the Republic of Kazakhstan, the bank statement, opened by this professional member for tracking purposes, shall become the confirmation of the rights for this security. In the case of difference between documentary security and statement of the mentioned account, the statement shall have a priority.

2.The statement of account, opened for tracking purposes by the professional member of security market, who is authorized to register the contract with the securities according to the license issued to him (her) or in accordance with legislative acts of the Republic of Kazakhstan shall be the confirmation of the right for the uncertified security.

4. The order of opening and conducting by the professional members of the security market of the accounts, intended for record the securities, as well as the requirements for the content and designing of the statements of such assets shall be determined by the legislation of the Republic of Kazakhstan.

Footnote. Article 130 is in the wording of the Law of the Republic of Kazakhstan dated 16.05.2003 № 416; as amended by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 131. The Requirements to Securities

1. Thes of rights which are certified by securities, the obligatory details of securities, and the requirements with regard to the pro-forma of a security and any other necessary requirements, shall be determined by legislative acts, or in accordance with the procedure established thereby.

2. The absence of obligatory details concerning a security or the non-compliance of a security with the pro-form established there for, shall entail its invalidity.

Article 132. Conveyance of Rights Associated with Securities

1. In order to convey to any person the rights certified by a bearer's security, it shall be sufficient to hand the security to that person.

2. Rights certified by a registered security issued in documentary form are transferred in the order established for the assignment of the claim (assignment). In accordance with Article 347 of this Code, the transferor of the security is liable for the invalidity of the relevant claim, but not for its execution.

2-1. The peculiarities of the transfer of rights on the equity securities and the confirmation of rights on them shall be determined by the legislative acts of the Republic of Kazakhstan.

3. The right associated with order securities shall be conveyed by means of making on that security a conveyance inscription, the endorsement. The person who transfers the rights associated with an order security (endorser) shall be liable not only for the existence of the right but also for its exercise.

An endorsement executed on a security shall transfer all the rights certified by the security to the person to whom or by whose order the rights associated with the security (of the endorsee) are transferred. The endorsement may be blank (without any indication of the person to whom the consideration must be addressed).

The endorsement may be restricted only by the order to exercise the rights certified by the security, without any conveyance of those rights to endorser (pre-nomination endorsement). In this case the endorser shall act as a representative.

Footnote. Paragraph 2 of Article 132 is supplemented with the paragraph by the Law of the Republic of Kazakhstan dated May 2, 1998 № 211; dated May 16, 2003 № 416; dated June 3, 2003 № 426; dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016).

Article 133. Execution with regard to Securities

1. The person that issued a security and all the persons who endorsed it shall be jointly liable to its legitimate owner. In the case of satisfying the claims of the legitimate owner of a security, related to the execution of the obligation certified by it, by one or several persons from amongst those liable in relation to the security, they shall acquire the right to revert

claim (regress) to the other persons who had become liable in relation to the security prior to them.

2. The refusal to execute the obligations certified by a security with the reference to the lack of basis for the obligations or to its invalidity shall not be allowed.

3. The owner of a security who detected fraud or forgery of the security shall have the right to present the person that conveyed the security to him (her) with the claim to properly execute the obligation certified by the security and to compensate losses.

4. The rights associated with securities held by any illegitimate holder shall not be exercised.

Footnote. Article 133 as amended by the Law of the Republic of Kazakhstan dated June 3, 2003 № 426.

Article 134. Restoration of Securities

The restoration of the rights associated with the lost bearers' securities and order securities , shall be carried out by the court in accordance with the procedure stipulated in the procedural legislation.

Article 135. Uncertified Securities

(Article 135 is excluded by the Law of the Republic of Kazakhstan dated May 6, 2003 № 416).

Article 136. A Debenture

1. A bond is a security that certifies, in accordance with the terms of the issue, the right to receive from the person, who issued the bond, the interest on it and the par value of the bond in cash or other property equivalent.

2. The debentures shall be issued only as inscribed security equity securities.

3. The Government of the Republic of Kazakhstan, The National Bank of the Republic of Kazakhstan and commercial organizations shall have the rights to issue the debentures.

4. Thes of the debentures and the order of their issue shall be determined by the legislation of the Republic of Kazakhstan.

Footnote. Article 136 is in the wording of the Law of the Republic of Kazakhstan dated 16.05.2003 № 416; as amended by the Law of the Republic of Kazakhstan dated 20.12.2004 № 13 (shall be enforced from 01.01.2005); dated 12.07.2022 № 138-VII (shall be enforced sixty calendar days after the date of its first official publication).

Article 137. A Cheque

Footnote. The Article is excluded by the Law of the Republic of Kazakhstan dated 11.07.1997 № 154.

Article 138. A Bill of Exchange

Footnote. The Article is excluded by the Law of the Republic of Kazakhstan dated 11.07.1997 № 154.

Article 139. A Share

1. A share shall be recognized to be a security which certifies the right of its holder (shareholder) to receive part of net income of a joint stock company in the form of a dividend, to participate in managing the business of the joint stock company, and to part of the property of the joint stock company, which remains after its liquidation, as well as other rights specified by the legislative acts of the Republic of Kazakhstan.

2. The assets shall be issued for the inscribed security equity securities.

3. Thes of the assets shall be determined by the legislation of the Republic of Kazakhstan.

The procedure of issue of assets shall be determined by the legislation of the Republic of Kazakhstan on the security market.

4. Non-commercial organizations, established in the organizational legal form of the joint stock company shall not make payment of the dividends by their assets.

5. The legislative acts of the Republic of Kazakhstan may specify the opportunity to buy assets under the court decision from the stockholder, disturbing by his (her) actions or inactivity the interests of the joint stock company.

The legislative acts of the Republic of Kazakhstan may specify the opportunity and basis of the forced buy of the assets by banks and organizations, conducting certains of bank operations, as well as insurance (reinsurance) organizations upon the existence of the negative value of self capital, calculating in the order established by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 139 new wording is by the Law of the Republic of Kazakhstan dated May 16, 2003 № 416; as amended by the Law of the Republic of Kazakhstan dated July 8, 2005 № 72 (the order of enforcement see Art. 2).

Article 139-1. Bank Deposit Certificate

Bank deposit certificate shall be the certified private security, confirming the rights of its holder to receive upon the expiry of circulation period, specified by the terms of issue, or before its expiration, its nominal cost, as well as compensation in the amount, specified by the term of issue.

Footnote. Article 139-1 is supplemented by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 140. Bank Certificate

Footnote. The Article is excluded by the Law of the Republic of Kazakhstan dated 11.07.1997 № 154.

Paragraph 3. Moral rights

Article 141. Protection of Personal Non-Property Rights

1. A person whose personal non-property rights are violated, apart from the measures stipulated in Article 9 of this code, shall have the right to compensation of moral damage by the rules of this Code.

2. Protection of personal property rights shall be carried out by the court in accordance with the procedure stipulated in civil procedural legislation.

3. Personal non-property rights shall be subject to protection irrespective of the guilt of the person that violated the right, unless it is otherwise stipulated in this Code. The person who presented a claim of defense must prove the fact of the violation of his personal non-property right.

4. The person whose non-property right is violated may at his discretion, claim from the violator the elimination of the consequences of the violation or at the expense of the violator to independently undertake the necessary actions, or to delegate their execution to a third party.

Footnote. Article 141 is supplemented by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 142. Personal non-property rights which are associated with the property rights

In the event that personal non-property and property rights are simultaneously violated, the amount of compensation for property damage shall be increased by considering the compensation which is due to the victim because of the violation of his personal non-property rights.

Article 143. Protection of Honor, Dignity and Business Reputation

1. Through the court a citizen or a legal entity shall have the right to refutation of information which damages his (her) honor, dignity or business reputation, unless the one who spreads such information proves that the information is true.

2. Where the information that damages the honor, dignity or business reputation of a citizen or a legal entity is spread through the mass media, that information must be refuted by the same mass media without any charge imposed the aforementioned citizen or legal entity.

In the case where specified information is contained in a document issued by an organization, such a document shall be subject to replacement or annulment with the

obligatory communication to the addressees of the inconsistency of the information contained in that document.

The procedure for refutation in other cases shall be established by the court.

3. A citizen or a legal entity with regard to which the mass media published information which restricts his rights or legitimate interests, shall have the right to publish their response in the same mass media free of any charge.

4. The claim by a citizen or a legal entity to publish a refutation or response in the mass media shall be considered by the court in a case where the mass media refused such publication, or did not carry out the publication within one month, and also in the case of its liquidation.

5. Where a court decision is not executed, the court shall have the right to impose a fine upon the violator, which shall be taken for the revenue of the budget. The fine shall be imposed in accordance with the procedure and in the amounts which are established by the civil procedural legislation. The payment of the fine shall not exempt the violator from the obligation to execute the action stipulated in the court decision.

6. A citizen or a legal entity with regard to whom information was spread that damages his (her) honor, dignity or business reputation, shall have the right, apart from the refutation of such information, to demand compensation for the damage and the moral harm inflicted by their promulgation.

Regulations of this Article to protect the business reputation of the citizen shall be relevantly applied in order to protect the business reputation of the legal entity, except for the requirements to compensate the moral harm. Regulations on compensation of the damages shall be applied to protect the business reputation of the legal entity according to the procedure, established by this Code.

7. Where it is impossible to identify the person that spreads the information which damages the honor, dignity or business reputation of a citizen or a legal entity, the person with regard to whom such information is spread, shall have the right to appeal to the court with an application to recognize that the promulgated information as not true.

Footnote. Article 143 is supplemented by the Laws of the Republic of Kazakhstan dated 06.02.2009 № 123-IV (the order of enforcement see Art. 2); dated 25.03.2001 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 144. The Right to Protect Secrets of Private Life

1. A citizen shall have the right to protect the secrets of his personal life, including the secrets of correspondence, telephone conversations, diaries, notes, comments, intimate life, adoption, birth, lawyer secrets, medical professional secrets, bank deposits and other secrets protected by the laws of the Republic of Kazakhstan.

Disclosure of the secrets of personal life is possible only in cases expressly established by the laws of the Republic of Kazakhstan.

2. The publication of diaries, notes, comments and any other documents shall be permissible only with the permission of their author, and as regards letters, - with the consent of both their author and the addressee. In the case of death of one of them, specified documents may be published with the consent of the surviving spouse and the children of the deceased.

Footnote. Article 144 is supplemented by the Laws of the Republic of Kazakhstan dated July 11, 1997 № 154; dated 14.07.2022 № 141-VII (shall be enforced ten calendar days after the date of its first official publication).

Article 145. The Right to Own Picture

1. Nobody shall have the right to use the image of a person's face without his consent, and in the case of his death, - without the consent of his inheritors.

2. Publication, reproduction, use and distribution of a pictorial work (painting, photograph , film, etc.) in which another person is displayed shall be permitted only with the consent of the person displayed, and after his death, with the consent of his children and surviving spouse. Such consent shall not be required if this is established by the laws of the Republic of Kazakhstan, or if the person displayed posed for a fee.

Footnote. Article 145 as amended by the Law of the Republic of Kazakhstan dated 23.12.2023 № 51-VIII (shall be enforced ten calendar days after the date of its first official publication).

Article 146. The Right to Inviolability of Housing

A citizen shall have the right to inviolability of his house, that is, to prevent any attempts of intrusion into his house against his will, except for the cases stipulated in legislative acts.

Chapter 4. Transactions

Article 147. The Definition of a Transaction

The actions of citizens and legal entities which are aimed at establishing, changing or terminating civil rights and obligations, shall be recognized as transactions.

Article 148. Unilateral Transactions and Agreements

1. The transactions may be unilateral and bilateral or multilateral (agreements).

2. A transaction, the performance whereof, in accordance with legislation or the agreement of the parties, requires the expression of the will of one party and this is sufficient, shall be recognized as a unilateral transaction.

3. In order to enter into an agreement, it shall be necessary to have an expression of the agreed will of two parties (a bilateral transaction) or of three or more parties (multilateral transaction).

Article 149. The Legal Regulation of Unilateral Transactions

1. A unilateral transaction shall create obligations for the entity that enters into the transaction. It may create obligations for other persons only in the cases which are stipulated in legislative acts or by agreement with those persons.

2. Appropriately, the general provisions concerning obligations and agreements shall apply to unilateral transactions, inasmuch as it does not contradict legislation, or the nature and the essence of the transaction.

Article 150. Transactions Entered into Under Condition

1. A transaction shall be considered to be entered into under a delaying condition, where the parties conditioned the emergence of their rights and obligations upon a circumstance, with regard to which it is not known whether it will occur or not.

2. A transaction shall be deemed to be entered into under an invalidating provision, when the parties conditioned the invalidation of the rights and obligations by a circumstance, with regard to which it is not known whether it will occur or not.

3. When the emergence of a condition is unfairly impeded by a party to which the emergence of the condition is non-beneficial, then the condition shall be recognized as having taken place.

When the emergence of a condition is unfairly assisted by a party, for whom the emergence of the condition is favorable, then the condition shall be recognized as not having taken place.

Article 151. The Form of Transactions

1. Transactions can be entered into orally or in written form (simple or notary).

2. A transaction for which legislation or the agreement of the parties does not establish a written form (simple or notary), or any other definite form, may be entered into orally, in particular, any transactions which are executed by their commitment. Such a transaction shall be deemed to be entered into also in the case where the will of the person to enter into the transaction is clear from the behavior of the person.

3. A transaction which is confirmed by issuing a ticket, label or any other sign which is generally acceptable for confirmation, shall be deemed to be concluded in oral form, unless otherwise is stipulated in legislation.

4. Silence shall be understood as an expression of the will to enter into a transaction in the events stipulated by legislation or the agreement of the parties.

5. Transactions to execute an agreement which is concluded in writing may, by agreement of the parties, be entered into orally, provided that the transaction does not contradict legislation.

Article 152. The Written Form of Transactions

1. The following transaction must be entered into in writing:

1) those which are carried out in the course of entrepreneurial activities, except for transactions which are fulfilled by their execution itself, unless it is otherwise stipulated in legislation for individuals of transactions, nor does it ensue from the customs of the business practice;

2) for more than one hundred monthly calculation indices, except for the transactions executed at the very moment they are committed;

3) in any other cases which are stipulated in legislation or the agreement of the parties.

2. A transaction which is executed in writing, must be signed by the parties or their representatives, unless otherwise ensues from the usual business practice.

It shall be allowed, when entering into transactions, to use facsimile copying of signatures , unless this contradicts legislation or the requirements of one of the participants.

3. Bilateral transactions may be entered into by way of exchanging documents, each one of them shall be signed by the sending party.

Unless otherwise stipulated by legislation or agreement of the parties, the exchange of letters, telegrams, telephone messages, teletypes, faxes, electronic documents, electronic messages or other documents that determine the subjects and the content of their will, is equal to completion of transaction in writing.

Laws of the Republic of Kazakhstan and (or) at the request of one of the parties may establish additional requirements, which must correspond to the form of the transaction, in particular, the execution of a form on a letterhead of a certain form, seal of a legal entity, if this person in accordance with the legislation of the Republic of Kazakhstan must have a seal.

4. Where a citizen as a result of a physical shortage, disease or illiteracy is not able to personally sign, then upon his request a transaction may be signed by any other citizen. The signature of the latter, unless it is otherwise stipulated in legislation, must be witnessed by a notary or any other official who has the right to enter into such notary action with an indication of the reasons for which the person who entered into the transaction failed to sign it personally.

5. The party that fulfilled a transaction which was executed in writing, shall have the right to claim from the other party a document which confirms that fulfillment.

The same right shall belong to the party which fulfilled an oral entrepreneurial transaction , except for the transactions which are fulfilled by their commitment itself.

Footnote. Article 152 as amended by the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211; dated January 7, 2003 № 372; dated 29.12.2014 № 269-V (shall be enforced from 01.01.2015); dated 24.11.2015 № 419-V (shall be enforced from 01.01.2016); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); the Law of the Republic of Kazakhstan № 156-VI dated

24.05.2018 (shall be enforced upon expiration of ten calendar days after the day of its first official publication).

Article 153. Consequences of non-compliance with the written form of transaction"

1. Failure to comply with a simple written form of a transaction deprives the parties of the right, in the event of a dispute, to confirm its commission, maintenance or execution by witness statements. The parties, however, have the right to confirm the commission, maintenance or execution of the transaction by written or other evidence other than witness statements.

2. In cases directly specified in laws of the Republic of Kazakhstan or agreement of the parties, if a simple written form is not followed, the transaction is considered null and void.

3. In case of non-observance of a simple written form, the foreign economic transaction is considered null and void.

Footnote. Article 153 in the new wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 154. Notarization of Transactions

1. In cases stipulated by laws of the Republic of Kazakhstan or by agreement of the parties, the written transactions are deemed to be committed only after their notarization.

Failure to comply with the requirement of notarization entails the nullity of the transaction with the consequences provided for in paragraph 3 of Article 157-1 of this Code, except for the cases specified in paragraph 2 of this article.

2. Where a transaction which requires notarization is actually fulfilled by the parties or by one of the parties, and by its contents does not contradict legislation and does not violate the rights of third persons, the court upon the application of the interested party shall have the right to recognize the transaction as valid. In that case the subsequent notarization of the transaction shall not be required.

Footnote. Article 154 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 155. Registration of Transactions

1. Transactions which are subject, in accordance with the legislative acts, to state registration or other registration, shall be considered as concluded after their registration, unless it is otherwise stipulated in the legislative acts.

A denial of registration must be formulated in writing, and it may be possible only with a reference to violation of the requirements of legislation.

2. Where a transaction which requires state registration is executed in a proper form, but one of the parties evades its registration, the court shall have the right upon the claim of the counter party to pass the decision to register the transaction. In this case the transaction shall be registered in accordance with the decision of the court.

Footnote. Article 155 is in the wording of the Law of the Republic of Kazakhstan dated 26.07.2007 № 311 (shall be enforced upon expiry of ten calendar days after the official publication), as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 156. Exchange Transactions

1. Transactions, which subject is the property, permitted to be circulated at the bourse and which are concluded by the participants of the bourse in accordance with the procedure established by legislation concerning the appropriate (commodity, stock and other) bourses and in the charters of bourses, shall be the exchange transactions.

2. Bourse transactions may be documented by broker records, and they shall be subject to registration by the bourse.

3. Unless otherwise ensues from legislation, from the agreement of the parties or from the essence of the transaction, the rules for the relevant agreements (purchase and sale agreements, commission agreements, and other) shall apply to bourse transactions in relation to the contents.

4. Legislation or rules of exchange trade may provide for the terms of exchange transactions that constitute commercial secret of the parties and are not subject to disclosure without their consent, except for information submitted to the authorized financial monitoring body in accordance with the Law of the Republic of Kazakhstan “On countering legalization (laundering) of proceeds from crime and financing of terrorism".

5. Disputes related to conclusion of exchange transactions are considered in arbitration under the relevant exchange, the decision of which may be revoked by the court in cases provided for by the law of the Republic of Kazakhstan.

6. *Is excluded.*

Footnote. Article 156 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 16.05.2003 № 416; dated 28.08.2009 № 192-IV (shall be enforced from 08.03.2010); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2012 № 19-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 10.06.2014 № 206-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 08.04.2016 № 489-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 157. Disputable and void transactions

1. A transaction is void on the grounds established by this Code or other legislative acts, by virtue of its recognition as such by the court (a disputable transaction) or on the grounds directly provided for by the legislative acts, regardless of such recognition (null transaction).

A transaction is considered disputable if its nullity is not provided for by legislative acts.

In the event of a dispute over the nullity of a transaction, its invalidity is established by the court.

2. A transaction is considered invalid if the requirements for the form, content and participants of the transaction are violated, as well as to freedom of their will on the grounds established by this Code or other legislative acts.

3. The requirement to recognize a transaction as invalid may be brought by interested persons, by an appropriate state body or by a prosecutor.

The interested person is a person whose rights and legitimate interests are violated or may be violated as a result of the said transaction.

The list of persons entitled to claim it to be invalid is established by this Code and (or) other legislative acts.

Footnote. Article 157 in the new wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 157-1. General provisions on consequences of invalidity of transaction

1. A party to the transaction or persons established in paragraph 3 of Article 157 of this Code shall have the right to file the claim to apply the consequences of invalidity of a void transaction.

2. An invalid transaction shall not entail legal consequences, except for those associated with its invalidity, and shall be invalid from the moment of its commission, unless otherwise provided by this Code, legislative acts of the Republic of Kazakhstan or follows from the substance or content of the transaction.

3. In case of invalidity of the transaction, each party is obliged to return everything received on the transaction to the other party, and if it is impossible to return in kind (including when the received is expressed in the use of property, work performed or service rendered) - to refund the value of the property to be returned, works performed or services rendered in money, if other consequences of invalidity of the transaction are not provided for by this Code or other legislative acts of the Republic of Kazakhstan.

4. The court may recover from the party guilty of committing the actions that caused the invalidity of the transaction, in favor of the other party, the losses incurred by the latter related to recognition of the transaction as invalid.

5. If a transaction is aimed at achieving a criminal purpose, the unlawfulness of which is established by a court verdict (resolution), then if there is intent on both parties, everything

received by them under the transaction or intended for receipt is subject to confiscation upon the resolution or verdict of the court. In the event that such a transaction is executed in one party, everything received by the other party shall be confiscated and all that is due from it to the first party. If none of the parties has started the execution, all that is stipulated by the transaction for execution is subject to confiscation.

6. If there is intent to achieve a criminal purpose, the unlawfulness of which is established by the court's verdict (resolution), everything that one of the parties received under the transaction is to be returned to the other party, and everything received by the latter or due to it under the transaction is subject to confiscation.

7. In view of specific circumstances, the court is entitled not to apply partially or fully the consequences provided for in paragraphs 5 and 6 of this article with regard to the confiscation of property received or receivable under an invalid transaction. In this part, the consequences occur, stipulated in paragraph 3 of this article.

8. Recognizing the transaction as invalid, the court has the right, subject to specific circumstances, to confine itself to prohibiting its further execution.

Footnote. Chapter 4 is supplemented by Article 157-1 in accordance with the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 158. Invalidity of a transaction, the content of which does not comply with the requirements of the legislation of the Republic Kazakhstan

1. A transaction whose content does not comply with the requirements of the law, as well as a transaction committed for a purpose that is clearly contrary to the basics of law and order, is disputable and may be recognized invalid by the court, unless otherwise established by this Code and other legislative acts of the Republic of Kazakhstan.

2. A transaction aimed at achieving a criminal purpose, the unlawfulness of which is established by a court verdict (resolution), is void.

3. A person who deliberately entered into a transaction that violates the requirements of the legislation of the Republic of Kazakhstan, the charter of a legal entity or the competence of its bodies, may not claim the invalidation of the transaction if such demand is profit-motivated or with the intention to evade responsibility.

4. In the event that one of the participants in the transaction has committed it with the intention to evade performance of the obligation or from liability to a third party or state, and the other party to the transaction knew or should have known about this intention, the interested person (the state) has the right to demand the invalidation of the transaction.

Footnote. Article 158 in the new wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 159. The Basis for the Invalidity of Transactions

1. A transaction that is committed without obtaining the necessary permit or after the expiry of the permit's validity period is null and void.

2. A transaction that pursues the objectives of unfair competition or violates the requirements of business ethics may be declared invalid by a court.

3. A transaction committed by a person who has not reached the age of fourteen (minors) is null and void except for transactions stipulated in Article 23 of this Code.

4. A transaction which is entered into by a junior which reached fourteen years, without consent of his (her) parents (adopters) or sponsors, except for the transactions which he in accordance with the law has the right to enter into independently, may be recognized by the court as invalid upon the action by the parents (adopters) or the guardian. The provisions of this Article shall not apply to transactions of minors, recognized in accordance with this Code as completely capable (paragraph 2 of Article 17, Article 22-1 of this Code).

5. A transaction committed by a person recognized incompetent due to mental illness or dementia is null and void. A transaction committed by a citizen subsequently recognized as legally incompetent (Article 26 of this Code) is disputable and may be recognized by the court as invalid on the claim of his guardian if it is proved that at the time of the transaction the citizen was in a state of mental disorder.

6. Upon the requirement of the guardian the court may recognize as invalid transaction which is entered into by the person whose deed capacity is restricted by the court.

7. A transaction which is entered into by a citizen who, although capable, but at the moment of its commitment was in a state that he could not realize the meaning of his actions or guide them, may be recognized by the court as invalid in accordance with the action of that citizen, but if when alive the citizen did not have an opportunity to file the action, - after the death of the citizen upon the action of any other interested persons.

8. A transaction which is entered into as a result of a significant error may be recognized by the court as invalid upon an action by the party which acted under the influence of misguidance. The misguidance is material where it relates to the nature of a transaction, the identity, or to any other qualities of its subject which significantly reduce the possibility of its intended use. Misguidance in the motives may serve as a basis of invalidity of a transaction only when such motive is included in its contents as a delaying or annulling condition (Article 150 of this Code).

If the misguidance is a consequence of gross carelessness of the participant in the transaction, or it is covered by his entrepreneurial risk, the court, taking into account the specific circumstances and the interest of the other participant of the transaction, shall have the right to refuse the action to recognize the transaction as invalid.

9. A transaction which is entered into under the influence of fraud, violence, or threat, and also a transaction that the person was compelled to enter into as a result of a combination of

difficult circumstances and on conditions extremely unprofitable for himself (herself) which was exploited by the other party (shackling agreement), may be recognized by the court as invalid upon the action of the victim.

10. A transaction which is concluded as a result of a malicious collusion of the representative of one party with the other party, may be recognized by the court as invalid upon the action of the victimized party. Compensation for losses which are inflicted upon the victimized party (paragraph 4 Article 9 of this Code), may be imposed upon the unfair representative in the procedure of subsidiary liability.

11. A transaction committed by a legal entity in conflict with the objectives of activity specifically restricted by this Code, other legislative acts of the Republic of Kazakhstan or constituent documents, or in violation of the statutory competence of its body, may be declared invalid on the suit of the owner of the property of the legal entity or its founder (participant), if it is proved that the other party to the transaction knew or should have known about such violations.

12. The transactions which are stipulated in paragraphs 3 and 5 of this Article, upon the claim of the parents, adopters or guardians of infants or of incapable persons by the decisions of a court may be recognized as invalid, provided they are entered into for the benefit of the indicated persons.

Footnote. Article 159 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 12. 01.2007 № 225 (shall be enforced from the date of its official publication); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 16.05.2014 № 203-V (shall be enforced upon expiry of six months after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 160. Fictitious or Faked Transactions

1. A transaction made only for effect, without the intention to create the corresponding legal consequences (an imaginary transaction), shall be recognized as invalid by the court at the suit of the interested person, the proper state body or the prosecutor.

2. If one transaction is entered into only for the purpose of hiding another transaction (faked), then the rules shall be applied which are applicable to the transaction which the parties actually had in mind.

Footnote. Article 160 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 161. The Consequences of Invalidity of Part of a Transaction

Invalidity of part of a transaction shall not entail the invalidity of its other parts, provided it is possible to presume that the transaction was entered into without inclusion of its invalid part.

Article 162. Period of Limitation with regard to Invalid Transactions

1. *(Is excluded).*

2. The statute of limitations with regard to disputes associated with the invalidity of a transaction on the grounds stipulated in paragraphs 9 and 10 of Article 159 of this Code, shall constitute one year from the date of the cessation of the violence or the threat under which the transaction was entered into, or from the date when the plaintiff learned or should have to learned about any other circumstances which are the basis for the recognition of the transaction as invalid.

Footnote. Paragraph 1 of Article 162 is excluded by the Law of the Republic of Kazakhstan dated March 2, 1998 №211.

Chapter 5. Representation and Power of Attorney

Article 163. Representation

1. A transaction, committed by one person (representative) on behalf of another person (represented) by virtue of the authority based on power of attorney, legislation, a resolution of the court or on an administrative act, shall directly create, alter or terminate the civil rights and obligations of the represented.

The authority may also be clear from the situation in which the representative is acting (salesman in retail trade, cashier, etc.).

2. The rights and obligations shall be acquired directly by the represented in respect of the transaction entered into by the representative.

3. A representative may not enter into transactions on behalf of the represented person, nor in his own name, nor in the name of any other person who he is representing at the same time.

This rule shall not extend to the commercial representation office.

4. The persons who act, although in somebody else's interest, but in their own name (commercial intermediaries, executors of will in inheritance etc.) shall not be representatives, nor the persons who are authorized to enter negotiations with regard to transactions which are possible in the future.

5. It shall not be allowed to enter through a representative into transactions which by their nature may be entered into only in person, nor into other transactions in the cases specified in legislative acts.

Footnote. Article 163 as amended by the Laws of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 164. Representation of Incapable Property

On behalf of incapable persons, transactions shall be entered into by their legitimate representatives.

Footnote. Article 164 as amended by the Laws of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 165. Representation without Authority

A transaction which is entered into on behalf of another person by the person who is not authorized to enter into the transaction, or in excess of their powers, shall create, alter or terminate the civil rights and obligations of the represented only in the case of the subsequent approval by him (her) of that transaction.

The subsequent approval by the represented shall make the transaction valid from the moment of its commitment.

Article 166. Commercial Representation

1. The person who permanently and independently represents entrepreneurs in their concluding agreements (a commercial representative), shall act on the basis of a written agreement which contains indications of the authority of the representative, and in the case where such indications do not exist,- also of the power of attorney.

2. A commercial representative may at the same time represent the interests of various parties of an agreement which is concluded with his participation. In that respect, he shall be obliged to execute the instructions given to him (her) with the diligence of a usual entrepreneur.

3. A commercial representative shall have the right to claim payment of the remuneration owed and the expenses incurred by him (her) when executing the instructions of the parties to the agreement in equal shares, unless it is otherwise stipulated in the agreement between them .

4. A commercial representative shall be obliged to keep secret the information which became known to him (her) concerning commercial transactions, also after the implementation of the assignment entrusted to him (her).

5. Special considerations concerning commercial representation in certain spheres of entrepreneurial activity shall be established by legislation.

Article 167. Power of Attorney

1. A written authorization by one person (the grantor) for representation on his behalf, which is issued to another person (the trustee) shall be recognized as a power of attorney.

2. The power of attorney for managing assets and entering into transactions which require notarization, must be notarized, unless otherwise stipulated in legislative acts.

3. The following shall be equated to notarized powers of attorney:

1) powers of attorney of military servicemen and of any other persons who are in medical treatment at hospitals, sanatoria and any other military medical institutions, attested to by the chiefs, deputy chiefs for medical issues, senior doctors and doctors on duty of those hospitals, sanatoria and other military medical institutions;

2) powers of attorney of the military servicemen, and at the points of deployment of military units, institutions and military education organizations where there is no state notary offices, nor any other bodies which execute notary actions, and also the powers of attorney of workers and employees, members of their families and family members of the military servicemen, which are attested by the commanders (chiefs) of those units, formations, institutions and organizations;

3) powers of attorney of the persons who are in places of imprisonment, certified by the heads of the places of their incarceration;

4) powers of attorney of capable citizens of full age who are in institutions for the social protection of the population, certified by the head of that institution or of the relevant body for the social protection of the population.

5) power of attorney of persons in pre-trial detention centers, certified by the heads of detention facilities.

4. The power of attorney to receive correspondence, including money and parcels, to receive wages and other payments from citizens and legal entities may be certified by local executive bodies of cities of republican significance, the capital, districts, towns of regional significance, akims of town of district significance, settlement, village, where the grantor lives, an organization in which he works or studies, the housing maintenance organization at the place of residence, the administration of the inpatient medical institution in which he is under treatment, and also by the command of the corresponding military units, when the power of attorney is issued to the serviceman. The power of attorney sent by telegraph, as well as by other types of communication, when the document is sent by a communications employee, is certified by the communication authorities.

5. Third persons shall have the right to consider as authentic a power of attorney which is issued for the commission of their acts, which is sent by the trustor to the trustee through facsimile and other method of communication, without use of official bodies of communication.

6. A power of attorney on behalf of a legal entity shall be issued under the signature of its head or other person authorized by its constituent documents and sealed by this organization

if the person in accordance with the legislation of the Republic of Kazakhstan must have a seal.

7. A power of attorney on behalf of a state body, or a commercial or non-profit organization to receive or pay money and any other material assets, must be signed also by the chief (senior) accountant of that organization.

8. The procedure for issuing and the pro-forma of the power attorney to enter into banking transactions and the power of attorney for entering into transactions in the area of trade may be determined by special-purpose rules.

Footnote. Article 167 as amended by Laws of the Republic of Kazakhstan dated 20.12.2004 № 13 (shall be enforced from 01.01.2005), dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication); by the Constitutional Law of the Republic of Kazakhstan dated 03.07.2013 № 121-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.12.2014 № 269-V (shall be enforced from 01.01.2015); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 168. The Term of a Power of Attorney

1. A power attorney may be issued for a term of no longer than three years. Where a longer term is indicated in a power of attorney, it shall be effective within three years, and if the effective period is not indicated therein, then it will be valid within one year from the date of the issue.

2. A power of attorney, which does not specify the date of its issue, is void.

Footnote. Article 168 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 169. Re-Assignment

1. A trustee must personally enter into the actions to which he is authorized. He may re-assign their commitment to any other person only in the case where he is authorized thereto by the power of attorney received or is compelled to do that by virtue of circumstances for the protection of the interests of the trustor.

2. A power of attorney in which the trustee conveys the powers to any other person must be notarized, except for the cases stipulated in paragraph 4 of Article 167 of this Code.

An original power of attorney shall be submitted to the power of attorney, on which basis trustee re-assigns his (her) powers to another person. Notarized copy of the original power of attorney shall be submitted to the power of attorney, on which basis trustee re-assigns to another person or several person, the separate powers specified in the original power of attorney.

3. The term of validity of a power of attorney which is issued for re-assignment may not exceed the term of effect of the original power of attorney on the basis of which it was issued.

4. The trustee who re-assigned the powers to any other person must immediately notify of that the nominator and to communicate to him (her) the necessary information concerning that person and his place of residence. The failure to comply with this duty shall impose on the trustee the liability for the actions the person to whom he re-assigned the powers, as for his (her) own.

Footnote. Article 169 as amended by the Laws of the Republic of Kazakhstan), dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 170. Cessation of a Power of Attorney

1. The effect of a power of attorney shall cease as a result of the following:

1) expiry of the term of the power of attorney;

2) completion of the actions provided for by the power of attorney;

3) annulment of the power of attorney by the person who issued it;

4) the refusal of the person to whom the power of a attorney is issued;

5) the cessation of the legal entity on whose behalf the power of attorney was issued;

6) liquidation of the legal entity on whose behalf the power of attorney was issued;

7) the death of the person (including declaring the citizen deceased), who issued the power of attorney, recognizing him as incapable, partially incapable or missing;

8) the death of the citizen (including declaring the citizen deceased), to whom the power of attorney has been issued, recognizing him as incapable, partially incapable or missing.

2. The person who issued the power of attorney may at any time annul the power of attorney or sub-assignment, and the person to whom the power of attorney has been issued, may relinquish it. The agreement to waive this right shall be void.

Footnote. Article 170 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 171. The Consequences of Terminating a Power of Attorney

1. The trustor shall be obliged to notify about the termination of a power of attorney (Article 170 of this Code) the person to whom the power of attorney is issued, and also third persons known to him, for representation to whom the power of attorney was issued. The same obligation shall rest with the legal successor of a person who issued the power of attorney in the cases of its cessation on the grounds indicated in paragraphs 5 and 7 of Article 170 of this Code.

2. The rights and obligations which arise as a result of the actions of a person to whom the power of attorney is issued prior to the time when this person learned or should have learned of its cessation, shall remain valid for the one who issued the power of attorney and his legal successors with regard to third persons. This rule shall not apply if the third party knew or should have known that the effect of the power of attorney ceased.

3. Upon the cessation of the power of attorney the person to whom it was issued or his legal successor must immediately return the power of attorney.

4. With the cessation of the power of attorney the conveyance of the powers associated with that power of attorney to the other person (re-assignment) shall lose force.

Chapter 6. Calculation of Periods

Article 172. Determining of the Periods

1. A term which is established by legislation, or transaction or is appointed by the court, shall be determined by a calendar date or an indication of an event which must inevitably take place.

2. A term may be established also as a period of time which is calculated by years, months , weeks, days or hours.

Article 173. The Beginning of the Term which is Determined by Period of Time

The course of a term which is determined by a period of time shall begin on the next day after the calendar date or the arrival of the event which determines its beginning.

Article 174. The Expiry of the Term Determined by Period of Time

1. A term which is measured by years shall expire in the corresponding month, and on the date of the last year of the term.

The rules which are used for the terms measured by months shall apply to a term which is measured by one half a year.

2. The rules which are used for the terms measured by months shall apply to the term which is measured by quarters of year. In this respect, a quarter shall be deemed to be equal to three months and the calculation of quarters shall be from the beginning of year.

3. A term measured by months shall expire on the corresponding date of the last month of the term.

A term which is determined as one half of a month shall be handled as a term measured by days, and it shall be deemed to be equal to 15 days.

If the expiry of a term measured by months falls on such month in which that date does not exist, then the term shall expire upon the last day of that month.

4. The term which is measured by weeks shall expire on the appropriate day of the last week of the term.

Article 175. Expiry of a Term on a Non-Working Day

If the last day of a term falls on a non-working day, then the expiry day of the term shall be the nearest working day following that day.

Article 176. The Procedure for Entering into Actions on the Last Day of a Term

1. If a term is established for any action, this action can be carried out within twenty-four hours after the expiration of the term.

However, if that action must be entered into in an organization, then that term shall expire at the hour when in accordance with the established rules that organization ceases the relevant transactions.

2. Written applications and notifications which are submitted to the post office, telegraph or any other institution of communications before 24 hours of the last day of a term, shall be deemed to be submitted within the term.

Chapter 7. Statute of Limitations

Article 177. The Definition of the Limitation Period

1. The statute of limitations is a period of time during which a claim may be satisfied, which arises from a violation of rights of a person or of an interest protected by law.

2. Statutes of limitation and the procedure for their calculation shall be stipulated in law and may not be changed by an agreement of parties.

Article 178. Terms of the Limitation Period

1. The general term of the statute of limitations shall be established at three years.

2. For certains of claims legislative acts may establish special-purpose terms of the statute of limitations, which are shorter or longer as compared to the general term.

3. The rules of Articles 177, 179 - 186 of this Code shall apply also to the special-purpose terms of the statute of limitations, unless legislative acts stipulate otherwise.

Article 179. The Application of the Limitation Period

1. The requirements to protect a violated right shall be accepted by the court for consideration irrespective of expiry of the term of the statute of limitations.

2. The statute of limitations shall be applied by the court only upon the application by a party in the dispute, which is made prior to the adoption of a decision by the court.

3. The expiry of the term of the statute of limitations prior to the presentation of the claim shall be the basis for the court's passing the decision to deny the action.

With the expiry of the term of the statute of limitations on the principal claim, the term of the statute of limitations shall expire with regard to additional claims (concerning the imposition of damages, the responsibility of the trustor etc.).

Article 180. The Course of the Term of the Limitation Period

1. The course of the term of the statute of limitations shall begin on the day when the person learned or should have learned of the violation of the right. Exceptions from this rule shall be established by this Code and the other legislative acts.

2. With regard to the obligations which have a definite term for their implementation, the course of the statute of limitations shall begin upon the expiry of the date of the execution.

3. With regard to the obligations, the implementation term of which is not determined or is determined by the moment of the call, the course of the statute of limitations shall begin from the moment when the call for the implementation of the obligation is made, and where the debtor is granted a privilege term for the implementation of such call, the counting of the statute of limitations shall begin on the expiry of the indicated term (paragraph 2 of Article 177 of this Code).

4. With regard to the regress obligations the course of the statute of limitations shall begin from the moment of execution of the principal obligation.

Article 181. The Term of the Statute of Limitations in the Replacement of Persons in an Obligation

The replacement of persons in an obligation shall not entail any changes with regard to the statute of limitations and the procedure of its calculation.

Article 182. Suspension of the Course of the Statute of Limitations Term

1. The course of the term of the statute of limitations shall be suspended as follows:

1) where the making of the claim is impeded by an event which is extraordinary or inevitable under those circumstance (force majeure);

2) by virtue of the announcement by the President of the Republic of Kazakhstan of a postponement of the execution of the obligation of that (moratorium);

3) where the plaintiff or the defendant are military units which are under martial law;

4) where an incapable person has no legal representative;

5) by virtue of suspending the effect of legislation which regulates the relevant relations;

6) when verifying the legality of the sources of acquisition (origin) of the asset in accordance with the legislation of the Republic of Kazakhstan on the return of illegally acquired assets to the state.

With regard to actions concerning the compensation for harm caused to life or health of a citizen, the course of the term of the statute of limitation shall be suspended also in connection with the application by a citizen to the appointment of a pension or benefit, or the

refusal to appoint those. to appropriate organizations for appointment and/or performance of payment of pensions or for appointment of a benefit - prior to appointment and/or performance of payment of pensions or appointment of a benefit or refusal to appoint and/or performance of payment of pensions or appointment of a benefit.

2. The course of the term of the statute of limitations shall be suspended where the circumstances indicated in this Article arose or continued to exist during the last six months of the statute of limitations, and if that term does not exceed six months, - during the course of the term of the statute of limitations.

3. The course of the statute of limitation shall continue from the date of the cessation of the obligation which entailed the suspension of the statute of limitations. In that respect, the remaining part of the term shall be extended up to six months, and where the term of the statute of limitations does not exceed six months, - up to the term of the statute of limitations.

Footnote. Paragraph 1 of Article 182 as amended by the Laws of the Republic of Kazakhstan dated June 19, 1997 № 134.; The title of the Article as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211; dated 12.07.2023 №23-VIII (shall be enforced ten calendar days after the date of its first official publication.

Article 183. A Break in the Course of the Term of Statute of Limitations

1. The course of the term of the statute of limitations may be interrupted by the presentation of a claim in accordance with the established procedure and also by the commitment by the obliged person of the actions which evidence the recognition of the debt or any other liability.

2. After an interruption, the course of the term of the statute of limitation shall begin anew ; the time which expired prior to the break shall not be included into the new term.

Footnote. Article 183 as amended by the Laws of the Republic of Kazakhstan) dated 28.01.2011 № 402-IV (shall be enforced from 05.08.2011).

Article 184. The Course of the Term of the Statute of Limitations in a Case where the Action is not Considered

1. If an action is left by the court without consideration, the course of the statute of limitations which began prior to the presentation of the action shall continue in accordance with the general procedure.

2. Where the court left without consideration an action which is presented in a criminal case, then the course of the term of the statute of limitations, which began prior to the presentation of the action, shall be suspended until the sentence by which the action was left without consideration enters into legal force. The time during which the statute of limitations

was suspended shall not be included in the term of the statute of limitations. In that respect, where the remaining part of the term is less than six months, it shall be extended up to six months.

Article 185. The Restoration of the Term of the Statute of Limitation

1. In exceptional cases where the court recognizes the reason for neglecting the term of the statute of limitations as serious because of the circumstances which are associated with the personality of the plaintiff (serious disease, helpless condition, illiteracy, etc.) the violated right of the citizen shall be the subject to protection. The reasons for omitting the term of the statute of limitations may be recognized as serious where they took place during the last six months of the term of the statute of limitations, and where the term is equal to six months, or is less than six months, - during the term of the statute of limitations.

2. The term of the statute of limitations shall be re-established and it shall begin its course again in the cases where there in accordance with legislative acts the plaintiff gets the right to file a new action on the same case in relations with the refusal to execute the court decision in that case.

Article 186. Execution of an Obligation upon Expiry of the Term of the Statute of the Limitations

A debtor or any other obliged entity that implemented an obligation upon expiry of the term of the statute of limitations, shall not have the right to claim back the implemented obligation, even if at the moment of the implementation the indicated person did not know of the expiry of the statute of limitations term.

Article 187. The Claims to which the Statute of the Limitations Does Not Apply

The statute of limitations shall not apply to the following:

1) claims concerning the protection of non-material assets and personal non-property rights, except for the cases which are stipulated in legislative acts;

2) claims of investors to the bank to repay their bank investments;

3) claims concerning the compensation for harm caused to life or health of a citizen. However, the claims which are presented upon the expiry of the statute of limitations shall be satisfied for no longer than three years preceding the presentation of the claim;

4) claims of a proprietor or any other legitimate owner concerning the elimination of any violations of his (her) right, where those violations are not associated with deprivation of ownership (Articles 264, 265 of this Code);

5) in the cases established by legislative acts, - also to any other claims.

Footnote. Article 187 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154.

Section 2. The Right to Own and Other Proprietary Rights

Chapter 8. General provisions on the right of ownership and other proprietary rights

Footnote. The title of Chapter 8 in the new wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 188. The Definition and Contents of the Right to Own

1. The right to own shall be a recognized and protected by legislative acts the right of a person at his (her) discretion to own, use and dispose of the property which belongs to him (her).

The right of ownership shall be re-assigned to another person with all the encumbrances which existed at the moment of the commission of the transaction.

2. The owner shall have the rights to possess, use and dispose of his assets. The rights to own shall represent the legally-enforced capacity to exercise the actual possession of assets.

The right to use shall represent the legally-enforced possibility to extract from the assets their useful natural properties and also to extract benefits out of it. A benefit may be in the form of income, gain, fruit and in other forms.

The right to dispose shall represent the legally-enforced capacity to determine the legal destiny of property.

3. The owner shall have the right at his discretion to enter into with regard to the property which belongs to him, any actions including the alienation of the property into the freehold of any other persons, or to transfer to them, remaining the owner, his rights associated with ownership, use and disposal of the property, to pledge the property and to encumber it by any other methods and dispose of it in any other way.

4. The exercise by the owner of his powers must not violate the rights and legally protected interests of other persons and the state. The violation of the rights and legitimate interests may be expressed, aside from any other forms, in the abuse by the owner of his monopoly or any other dominant position.

The owner must adopt measures which prevent harm to the health of citizens and to the environment, which may be inflicted in the exercise of his rights.

5. The right to own shall be of indefinite term. The right to own property may be terminated by compulsion only upon the grounds provided for by this Code.

6. In the cases, on the conditions and within the limits provided for by legislative acts, the owner must allow for a restricted use of his property by any other persons.

Footnote. Paragraph 1 of Article 188 is supplemented with the paragraph by the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 189. The Burden of Maintaining Property

1. The owner shall bear the burden of maintaining the property which belongs to him, unless it is otherwise stipulated by legislative acts or by an agreement, and he may not in a unilateral procedure transfer such a burden to a third person.

2. If property is legally held by third persons, then the costs incurred by them for the maintenance of somebody else's property, shall be subject to reimbursement by the owner, unless otherwise is stipulated in the agreement.

Expenditures associated with the maintenance of the assets shall not be reimbursed to the person who owns the thing unfairly and illegally (Article 263 of this Code).

Article 190. The Risk of Occasional Destruction or Occasional Damage to Property

1. The risk of an occasional destruction or an occasional damage to objects to be alienated shall be transferred to the acquirer simultaneously with the emergence of his right to own, unless it is otherwise stipulated in legislative acts or an agreement.

2. Where the alienator guiltily delayed the transfer of objects or the acquirer guiltily delayed their acceptance, the risk of occasional destruction or occasional damage shall be borne by the party which caused the delay.

Article 191. The Definition ands of Private Property

1. Private property shall be recognized as the property of citizens and of non-state-owned legal entities and their associations.

2. Any property, except for certains of property which in accordance with legislative acts may not belong to citizens or legal entities, may be in private ownership.

The quantity and the value of the assets which are in private ownership shall not be restricted.

Footnote. Article 191 as amended by the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 192. The Right to State Property

1. The state property shall be recognized in the form of the Republic's property and communal property.

2. The property of the Republic shall consist of the state treasury and the property allocated to state owned Republic's legal entities in accordance with legislative acts.

Funds of the republican budget and other state property not assigned to state legal entities shall constitute the state treasury of the Republic of Kazakhstan.

3. Communal property shall consist of the local treasury and assets which are entrusted to the communal legal entities in accordance with legislative acts.

The resources of the local budget and any other communal properties which are not attached to state owned legal entities, shall constitute the local treasury.

This edition of paragraph 3-1 is valid dated 01.01.2018 for cities of district importance, villages, settlements, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (valid until 01.01.2020 for cities of district importance, villages, settlements, rural districts with a population of two thousand people or less, see the archive version of the Civil Code of the Republic of Kazakhstan dated 25.12.2017 № 268-XIII).

3-1. Communal property is divided into local government and self-governance levels by:

oblast, cities of republican importance, the capital city;

regional (cities of oblast significance);

cities of district significance, villages, settlements, and rural districts (municipal property of local self-government).

4. The property which is in the state ownership may be entrusted to state legal entities in accordance with the economic management or operational management.

5. Special considerations in the legal regime of the state property which is under authority of certain state-owned institutions shall be defined by legislative acts.

6. Transfer of state property from one type of state ownership to another shall be carried out in accordance with the legislative act of the Republic of Kazakhstan on state property.

Voluntary and gratuitous transfer of property from private ownership to state property shall be carried out in the order determined by the legislative act of the Republic of Kazakhstan on state property.

Part three *of point 6* is valid dated 01.01.2018 for cities of district importance, villages, settlements, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (valid until 01.01.2020 for cities of district importance, villages, settlements, rural districts with a population of two thousand people or less, see the archive version of the Civil Code of the Republic of Kazakhstan dated 25.12.2017 № 268-XIII).

Transfer of property in communal ownership from one level of local government and self-government to another is carried out in accordance with the legislative act of the Republic of Kazakhstan on state property.

7. Provisions of this Article shall be applied respectively to other, except for the right to ownership, civil sights to state property, unless another provided by the legislative act of the Republic of Kazakhstan on state property or do not contradict to the subject of the civil rights.

Footnote. Article 192 as amended by the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211; dated November 4, 1999 № 472; dated March 2, 2001 № 162; dated May 21, 2002 № 323; dated May 18, 2005 № 50; dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated 01.03.2011 № 414-IV (shall be enforced from the day of its first official publication); dated 11.07.2017 № 90-VI (the order of enactment see paras. 1), paragraph 1 of Article 2); dated 05.11.2022 № 157-VII (shall be enforced ten calendar days after the date of its first official publication).

Article 193. Ownership of land and other natural resources

The land and its subsoil, water, flora and fauna, and other natural resources shall be owned by the people of Kazakhstan. On behalf of the people of Kazakhstan, the ownership right shall be exercised by the state.

At the same time, exercise of the ownership right by the state shall be realized through the state ownership regime in the interests of the people of Kazakhstan.

Land may also be in private ownership on the grounds, conditions and within the limits permitted by law.

Footnote. Article 193 - as amended by the Law of the Republic of Kazakhstan dated 05.11.2022 № 157-VII (shall be enforced ten calendar days after the date of its first official publication).

Article 193-1. Strategic Facilities

1. The strategic object is the property, which has a social-economic significance for the sustainable development of the Kazakh society, whose ownership and (or) use and (or) control shall influence the state of the national security of the Republic of Kazakhstan.

2. The strategic facilities may include: main railway networks; main pipelines; national electric power grid; main communication lines; television and radio broadcasting facilities (production and technological complex of terrestrial and satellite television and radio broadcasting systems); oil refineries; energy generating facilities with capacity of at least 50 megawatts; national postal network; international airports; seaports with the international importance status; air navigation devices of the air traffic control system; devices and navigation signs regulating and guaranteeing the safety of navigation; facilities using atomic energy; stationary potentially hazardous biological facilities where pathogenic biological agents of the 1st pathogenicity group are handled; space industry facilities; water management and hydraulic structures; public highways; property complex of an organization of the defense-industrial complex; as well as blocks of shares (participatory interests, units) in legal entities that own strategic assets, blocks of shares (participatory interests, units) of individuals and legal entities that have the ability to directly or indirectly determine decisions or influence decisions made by legal entities that own strategic assets.

The strategic facilities may be owned by the state or legal bodies in accordance with the legislation of the Republic of Kazakhstan.

3. Encumbrance of strategic assets with the rights of third parties or their alienation is possible on the basis of the decision of the Government of the Republic of Kazakhstan to issue a permit and in the manner determined by the legislative act of the Republic of Kazakhstan on state property, unless otherwise provided by legislative acts of the Republic of Kazakhstan.

4. In the cases of intention of the citizen or non-governmental legal entity to make a transaction for alienation of the strategic facility, as well as for foreclosure on the strategic

facility or for alienation of the strategic facility by the rehabilitation or bankruptcy manager, or for the sale of a pledged property (strategic facility) by the pledge holder without legal proceedings, or the levying of execution on the strategic facility on the basis of judicial act, the Republic of Kazakhstan has the priority right to acquire the strategic facility on the terms determined by the legislative act of the Republic of Kazakhstan on state property.

The market price of the strategic facility shall be determined in accordance with the legislation of the Republic of Kazakhstan concerning the valuation activities and by the legislative act of the Republic of Kazakhstan concerning the state property.

The order of using priority right to obtain the strategic facility shall be determined by the legislative act of the Republic of Kazakhstan concerning the state property.

5. If during encumbrance of the strategic facility by the rights of third parties or its alienation, the requirements of paragraphs 3 and 4 of this Article are violated, such transactions shall be null and void.

Footnote. The Code is supplemented with Article 193-1 by the Laws of the Republic of Kazakhstan dated 07.08.02007 № 321 (shall be enforced from the date of its official publication); as amended by the Laws of the Republic of Kazakhstan dated 13.02.2009 № 135-IV (the order of enforcement see Art. 3); dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 22.06.2012 № 21-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 21.05.2022 № 123-VII (shall be enforced six months after the date of its first official publication); dated 23.12.2023 № 51-VIII (shall be enforced ten calendar days after the date of its first official publication); dated 09.04.2025 № 179-VIII (enacted sixty calendar days after the date of its first official publication).

Article 194. The Right to Own and Other Proprietary Rights to Housing

Special considerations for the exercise of the right of ownership and any other corporeal rights relating to housing shall be covered by legislation concerning housing.

Article 195. The Proprietary Rights of Persons Who are Not Owners

1. Aside from the right to own, the following shall be recognized as corporeal rights:

1) the right to use land;

2) the economic management;

3) the right to operational management;

3-1) the limited right to the target using of another property (servitude);

4) other corporeal rights, provided for by this Code or any other legislative acts.

2. The provisions concerning the right of ownership shall apply to corporeal rights, unless it is otherwise stipulated in legislation, and when it does not contradict the nature of a given corporeal right.

3. Passing of title to another person's property shall not constitute grounds for termination of the other corporeal rights to this property, unless otherwise specified by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 195 as amended by the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211; dated January 12, 2007 № 225 (shall be enforced from the date of its first official publication); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 9. The Economic Management

Article 196. The Economic Management of a State Enterprise

1. The economic management shall be a corporeal right of state-owned enterprises that received their property from the State as the owner, and which exercise within the limits established by this Code and other legislative acts, the right to own, use and dispose of that property.

2. Special considerations for the exercise of the economic management shall be determined by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 196 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).

Article 197. The Objects of the Economic Management

Any property, unless it is otherwise stipulated in legislative acts of the Republic of Kazakhstan, may be object of the economic management.

Footnote. Article 197 as amended by the Laws of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).

Article 198. The Acquisition and Termination of the Right of Business Authority

1. The right of business authority over the property which the owner decided to entrust to a state-owned enterprise that has already been formed, shall arise for that enterprise at the moment of the registration of the property in the independent balance-sheet of the enterprise, unless it is otherwise established by legislation or decision of the owner.

2. The agricultural produce, products and income from the use of the assets which are under business authority, and also the assets which are acquired by the enterprise in accordance with agreements or on any other grounds, shall be received into the business

authority of the enterprise in accordance with the procedure established by legislative acts for the acquisition of the right to own.

3. The economic management with regard to property shall cease on the grounds and in accordance with the procedure stipulated by legislation for the cessation of the right of ownership, and also in the cases of the legitimate withdrawal of property from the enterprise by decision of the owner.

Article 199. The Right of the Owner With Regard to the Property which is Under Business Authority

The owner of the assets which are under business authority, shall in accordance with legislative acts decide issues of creating an enterprise, determining the objectives and purposes of its activity, of its reorganization and liquidation, and the owner shall exercise the control of use of the property belonging to the enterprise of its purposeful use and safety.

The owner shall have the right to receive part of net income from the use of the assets which are under the business authority of the enterprise formed by him (her).

Footnote. Article 199 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154.

Article 200. The Conditions for the Exercise of the Property Rights of a State-Owned Enterprise

1. A state-owned enterprise which carries out its activities under the rights to business authority, unless it is otherwise stipulated in legislative acts, shall not have the right to enter into the followings of entrepreneurial activity without the approval of the owner or of the state body authorized by the owner:

1) to sell or transfer to any other persons, exchange, long-term lease (longer than three years), entrust for temporary charge-free use the buildings, facilities, equipment and any other fixed assets of the enterprise which belong to it;

2) to form affiliates and subsidiaries, establish in conjunction with private entrepreneurs enterprises and joint production facilities, to invest in them its productive and monetary capital;

2-1) to dispose of his (her) assets (except for the cases specified by this Article) as well as the debtor indebtedness.

3) give a loan;

4) to issue surety ship or a guarantee with regard to obligations of third persons.

2. Unless it is otherwise stipulated in legislation, a state enterprise shall independently dispose of the property which is attached to it under the right of business authority, and which is not recognized as fixed assets.

A state-owned enterprise under the rights to business authority shall not have the right to sell and to cut deals of gift in respect of the property, which refer to the basic assets of the state enterprise, as well as assets belonging to it.

Footnote. Article 200 as amended by the Laws of the Republic of Kazakhstan dated 11.07.1997 № 154; dated 02.03.1998 № 211; dated 21.05.2002 № 323; dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 201. The Application of the Provisions Concerning the Right of Ownership to the Relations with the Participation of State-Owned Enterprises

The provisions of this Code concerning the right to own shall apply to property relations with the participation of the state enterprises, unless otherwise ensue from this Code and any other legislative acts.

Chapter 10. The Right to the Operational Management

Article 202. The Definition and Contents of the Right

1. The right of operational management shall be recognized as a corporeal right of an institution, state owned institution which is financed at the expense of the funds of its owner, and of a public enterprise which received property from the owner and which exercise within the confines established by legislative acts, and in accordance with the objectives of their activities, assignments of the owner and designation of the property, the rights to possess, use and dispose of that property.

Note RCLI!

This edition of paragraph 2 is valid dated 01.01.2018 for cities of district importance, villages, settlements, rural districts with a population of more than two thousand people in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 № 90-VI (valid until 01.01.2020 for cities of district importance, villages, settlements, rural districts with a population of two thousand people or less, see the archive version of the Civil Code of the Republic of Kazakhstan dated 25.12.2017 № 268-XIII).

2. The peculiarities of exercising the right of operational management of state enterprises and state institutions shall be determined by the laws of the Republic of Kazakhstan "On State Property" and "On Local State Management and Self-Government in the Republic of Kazakhstan".

Footnote. Article 202 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 16.12.1998 № 320; dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication); dated 11.07.2017 № 90-VI (the order of enactment see paras. 1), paragraph 1 of Article 2).

Article 203. The Acquisition and Cessation of the Right of Operational Management

The acquisition and cessation of the right of operational management shall be exercised on the conditions and in the accordance with the procedure stipulated in Chapters 13 and 14 of this Code, unless it is otherwise stipulated in legislative acts of the Republic of Kazakhstan .

Footnote. Article 203 as amended by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 204. The Rights of the Owner of the Property Entrusted for Operational Management

1. The owner of the assets which are in operational management shall in accordance with legislative acts decide the issues of creating an institution, state-owned institution or a public enterprise, of determining the objectives and the purposes of its activities, it shall have the right to determine the legal destiny of the institution, state-owned institution or public enterprise, and the contents of its activities.

2. The owner shall exercise supervision for the efficient and safe operation by the institution, state-owned institution or the public enterprise of the assets entrusted by the owner .

3. In the event that an institution is formed by several owners, the relations between them and the rights of the owners to manage their assets shall be determined by the foundation agreement or a similar contract.

Footnote. Article 204 as amended by the Laws of the Republic of Kazakhstan dated 16.12.1998 № 320; dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 205. The Right of the Owner to Withdraw and Re-allocate the Property Entrusted for Operational Management

The owner of the assets entrusted to an institution, state-owned institution or a public enterprise shall have the right to withdraw that property or re-allocate it between other legal entities formed by the owner at his (her) discretion, unless it is otherwise stipulated in legislative acts of the Republic of Kazakhstan.

Footnote. Article 205 as amended by the Laws of the Republic of Kazakhstan dated 16.12.1998 №320; dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 206. The Dispose of the Property of an Institution

An institution shall not have the right to alienate or in any other way dispose of the assets which are entrusted to it and of the assets which are acquired at the expense of the resources appropriated to it in accordance with the estimate.

Special considerations for the exercise of the commercial activities of state institutions shall be determined by the legislative act of the Republic of Kazakhstan.

Footnote. Article 206 is in the wording of the Laws of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 207. The Liability of the Foundation Party With Regard to Debts of the Public Enterprise and State-Owned Institution

Footnote. Title of Article 207 as amended by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).

1. A public enterprise shall be liable for its obligations with the funds at its disposal.

When funds owned by a public enterprise are insufficient, the Government of the Republic of Kazakhstan or the relevant local executive body shall bear the subsidiary liability under its obligations.

2. Liability of institutions and state-owned institutions shall arise in accordance with the procedure provided for by paragraph 1 of Article 44 of this Code.

Footnote. Article 207 is in the wording of the Laws of the Republic of Kazakhstan dated 16.12.1998 № 320; dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 208. The Transfer of the Right to Own an Institution

When the right to own an institution is transferred to any other entity, that institution shall retain the right of operational management of the property which belongs to it.

Chapter 11. Common Property

Article 209. The Definition and Grounds for the Emergence of Common Property

1. Property which is in the ownership of two or more persons shall belong to them under the right of common ownership.

2. Assets may be in common ownership with the determination of the share of each of the owners in the right to own (shared ownership) or without determining such shares (joint property).

3. Common ownership of any assets shall be shared-ownership, except for the cases where the law stipulates the formation of joint ownership of the property.

4. Common ownership shall emerge when two or several persons receive the property which may not be divided without changing its designation (indivisible items), or may not be divided by virtue of law.

Common ownership of indivisible assets shall emerge in the cases which are stipulated in legislative acts or an agreement.

5. By agreement of the participants of common property, and in the case of failure to reach consensus, upon the decision of a court, shared ownership of the entities may be established with regard to the common property.

6. Ownership of real estate may arise in the form of a condominium, whereby certain parts of real estate are in individual (separate) ownership of citizens and (or) legal entities, and those parts of real estate which are not in separate ownership, shall belong to the owners of parts of real estate under the right of common shared ownership.

The share of each owner in the common property shall be inseparable from his separate ownership of a part of real estate belonging to him.

The size of a share of each owner in the common property, and the degree of participation in costs of its maintenance, shall be related to the size of the parts of real estate which are in individual (separate) ownership, unless it is otherwise stipulated in legislative acts or an agreement.

7. Peculiarities of the legal regime of the general share ownership for the assets of the unit investment fund are determined by the legislative act of the Republic of Kazakhstan on investment and venture funds.

Footnote. Article 209 is supplemented with the paragraph 6 by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211. As amended by the Law of the Republic of Kazakhstan dated July 7, 2004 № 577; dated 04.07.2018 № 174-I (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 210. Determining the Shares in the Right of Shared Property

1. When the size of the shares of participants of shared property may not be established on the basis of legislative acts and is not established by an agreement of all its participants, the shares shall be deemed to be equal.

2. An agreement of all the participants in a shared property may establish a procedure for determining or changing their shares in relation to the contribution of each one of them to the formation and the increase of the common property.

Article 211. The Rights of a Participant in Shared Property which are Associated with its Improvement

1. A participant in shared property who carries out at his (her) own expense, in compliance with the procedure established for the use of common property, its inseparable improvements, shall have the right to proportionate increase of his share in the right to the common property.

2. The separable improvements of common property, unless it is otherwise stipulated in an agreement of the participants in common property, shall become the property of the one of the participants who made them.

Article 212. Disposal of the Assets which are in Shared Ownership

1. Disposal of the assets which are in shared property shall be carried out by with the agreement of all its participants.

2. Each participant in the shared property shall have the right at his discretion to sell, transfer as a gift, bequeath, or mortgage his share, or to dispose of it in any other manner in compliance with the conditions stipulated by Article 216 of this Code.

Article 213. Ownership and Use of the Property which is in Shared Ownership

1. Managing and using the assets which are in shared ownership shall be carried out by agreement of all its participants, and where consent is not reached, it shall be established by the court.

2. Each participant in shared ownership shall have the right to be granted, into his ownership and use a part of the common property commensurate with his share, and where it is impossible, he shall have the right to claim from the other participants who own and use the property corresponding to his the share of payment of the appropriate amount or other compensation.

Article 214. Produce, Goods and Income from the Use of the Property which is in Shared Ownership

The produce, goods and income from the use of the property which is in shared ownership , shall become part of the common property. Subsequent distribution of the produce, goods and income shall be carried out between the participants of shared property in proportion to their shares, unless it is otherwise stipulated in the agreement between them.

Article 215. Expenditures Associated with the Maintenance of the Property which is in the Shared Ownership

Each participant in shared ownership shall be obliged to participate in the payment of taxes, levies and any other payments in respect of their common property in proportion to his share, and also in the costs of its maintenance and preservation.

Article 216. The Pre-emption Right

1. When a share in the right of shared ownership is sold to a stranger, the other participants in the shared ownership shall have a pre-emption right to purchase the share which is being sold, at the price at which it is being sold and on other equal conditions, except for the case of selling through a public auction.

Public auctions for selling shares in the right of shared ownership, where the approval of all the participants in the shared ownership is not reached, may be carried out in the cases,

stipulated in paragraph 2 of Article 222 of this Code, and in other cases stipulated in legislative acts.

2. The seller of a share shall be obliged to notify in writing the other participants in shared ownership concerning his intention to sell his share to an outside party with an indication of the price and any other conditions on which he is selling it. If the other participants in shared ownership refuse to purchase or fail to acquire the share which is sold in the right to own immovable property during one month, and with regard to any other assets within 10 days from the date of the receipt of the notice, the seller shall have the right to sell his share to any other person.

3. When a share is sold in violation of the pre-emption right, another participant in shared ownership shall have the right within three months to claim in the court a transfer to him of the rights and obligations of the buyer.

4. The assignment of the pre-emption right to purchase a share shall not be allowed.

5. The rules of this Article shall also apply when a share is alienated in accordance with a barter agreement.

6. The rules of this Article shall extend to the cases of disposition of the strategic facilities .

Footnote. Article 216 as amended by the Laws of the Republic of Kazakhstan dated August 7, 2007 № 321 (shall be enforced from the date of its official publication).

Article 217. The Moment of the Transfer to the Buyer of a Share in the Right of Shared Ownership in accordance with an Agreement

A share in the right of shared ownership shall be transferred to the buyer through an agreement from the moment of concluding the agreement, unless the agreement of the parties stipulates otherwise.

The moment of transfer of a share in the right of shared ownership in accordance with the agreement which is subject to state registration or notarization, shall be determined in accordance with paragraph 2 of Article 238 of this Code.

Article 218. Division of Property which is in the Shared Ownership and Appropriation of a Share out of it

1. The property which is in shared ownership may be divided between its participants by an agreement between them.

2. A participant in shared ownership shall have the right to claim the appropriation of his share out of common property.

3. Where participants in shared ownership fail to reach an agreement on the methods and conditions of dividing the common property or appropriation of the share of one of them, a

participant in shared ownership shall have the right to claim the appropriation of his share out of the common property, in kind.

When the appropriation of a share in kind is not allowed by legislative acts or it is impossible without unreasonable damage to the property which is in the common ownership, the owner who is appropriating, shall have the right to be paid by the other participants in shared ownership for the value of his share.

4. The misappropriation of the property which is appropriated in kind to a participant in the shared ownership on the basis of this Article, to his share in the right of ownership shall be eliminated by payment of appropriate amount of money or by other compensation.

The payment to a participant in shared property by the other owners of compensation instead of appropriating his share in kind, shall be allowed upon his consent. In the cases where the share of certain owner is minor, and it may not be realistically appropriated and he has not any substantial interest in the use of the common assets, the court may in the case of the absence of consent of that owner, compel the other participants in shared ownership to pay him compensation.

5. With the receipt of compensation, in accordance with paragraphs 3 and 4 of this Article , the owner shall lose the right to his share in the common property.

6. If it is not possible to divide the common property or divide a share out of it according to the rules set forth in paragraphs 3 and 4 of this Article, the court shall decide to sell the property at the public auction with the subsequent distribution of the proceeds between the participants of common property in proportion to their shares.

Footnote. Article 218 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 219. Common Joint Property

1. Joint common property shall exist in the following forms:

1) the common property of spouses;

2) the common property of a peasant farm;

3) the common property to privatized housing.

2. Legislative acts may stipulate any others of the joint common property.

3. The joint common ownership shall be established and it shall exist, unless an agreement between its participants stipulates otherwise.

Footnote. Article 219 as amended by the Laws of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 220. Ownership, Use and Disposal of the Property which is in the Joint Ownership

1. The participants in joint ownership, unless it is otherwise stipulated in an agreement between themselves, shall collectively own and use common property.

2. The disposal of the assets which are in the joint ownership, shall be carried out with the consent of all the participants, which is presumed irrespective of which of the participants entered into the property disposal transaction.

3. Each of participants in joint ownership shall have the right to enter into transactions disposing of the common property, unless it is otherwise ensues from the agreement of all the participants. A transaction which is entered into by one of the participants in joint ownership, and which is connected with the disposal of the common property, may be recognized as invalid by the claim of the other participants on the motive that the participant who entered into the transaction did not have the requisite powers, only in a case where it is proved that the other party in the transaction knew or should beforehand have known of it.

When entering into the transactions which require the notarization or state registration, the consent of the other participants in joint ownership, to the commitment of the transaction must be confirmed in the notarial procedure.

4. Paragraphs 1-3 of this Article shall apply, unless it is otherwise stipulated by this Code or other legislative acts with regard to specifics of the joint property.

Article 221. Division of the Property which is in the Joint Ownership and Appropriation of a Share out of it

1. The division of common assets between participants in joint ownership, and also the appropriation of the share of one of them, may be carried out under the condition that there has been a prior definition of the share of each of the participants in the right to common property.

2. When dividing common property or appropriating a share out of it, provided it is not stipulated otherwise in legislative acts or agreement of the participants, their shares shall be recognized as equal.

3. The basis and the procedure for the division of joint property and the appropriation of a share out of it shall be determined in accordance with the rules of Article 218 of this Code, unless it is otherwise stipulated by this Code, or other legislative acts for certains of joint property, nor does it ensue from the essence of relations of the participants in the joint property.

Footnote. Article 221 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 222. Imposition of a Claim on a Share in Common Property

1. The creditor of a participant in shared or joint property in the case of insufficiency of other assets of the latter, shall have the right to impose a claim of appropriating the share of the debtor in the common property for the imposition of the claim upon it.

2. In the event that the other participants in common property refuse to purchase the share of the debtor, the creditor shall have the right to claim through the court the imposition of the claim upon the share of the debtor in the common property by way of selling that share in a public auction.

3. Where in such cases the appropriation of a share in kind is impossible or the other participants in shared or joint property object thereto, the creditor shall have the right to claim the sale by the debtor of his (her) share to the other participants of the common property at the price which is related to the market value of that share, with the use of the funds received from the sale for the repayment of the debt.

Article 223. Common Property of Spouses

1. Property which is gained by spouses during their marriage, shall be the common property, unless an agreement between themselves stipulates that those assets are shared property of the spouses, or it belongs to one or certain parts of it belong to either spouse in accordance with the right of ownership.

2. The assets which belonged to spouses prior to entering the marriage, and also those received by them during the marriage, as a gift or in the procedure of inheritance, shall be the property of either of them.

The objects of individual use (clothes, footwear etc.), except for jewelry and other objects of luxury, although acquired during the marriage at the expense of common funds of the spouses, shall be recognized as the property of that spouse who used them.

Property of each of the spouses may be recognized as their joint property, provided it is established that during their marriage investments have been made at the expense of the common property of the spouses, which significantly increased the value of that property (capital repairs, refurbishment, re-equipment, etc.).

3. Upon the obligations of one of the spouses, a claim may be imposed only on the assets which are in his (her) ownership, and also upon his (her) share in the common assets of the spouses, which would be due to him, should that property be divided.

4. Special considerations in the right to joint property of spouses shall be determined by legislation of the Republic of Kazakhstan concerning the marriage and family.

Footnote. Article 223 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 224. The Ownership of a Peasant or Farmer Holding

1. The property of a peasant holding shall belong to its members on the right of joint ownership, unless otherwise specified by the agreement.

The property of a farmer holding organized in the form of the association on the basis of the joint operation agreement, shall belong to its members on the right of joint ownership.

The property of a farmer holding, formed on the private enterprise, shall belong to him (her) on the right of private ownership

2. Members of a peasant or farming enterprise may own land plots, plantations on a land plot, including private forest plantations, wild animals bred and kept in captivity and (or) semi-free conditions, plant genetic resources, maintenance and other buildings , land reclamation and other installations, productive and working livestock, poultry, agricultural and other machinery and equipment, vehicles, inventory and other property transferred by members of the farm and (or) acquired for the farm on the common funds of its members.

3. The produce, goods, and income received as a result of activities of the peasant (farmer) holding, shall be recognized as common property of the members of the peasant (farmer) holding and they shall be used by agreement between them.

Footnote. Article 224 is in the wording of the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); as amended by the laws of the Republic of Kazakhstan dated 02.01.2023 № 184-VII (shall be enforced sixty calendar days after the date of its first official publication).

Article 225. The Division of Property of a Peasant or Farmer Holding

1. When terminating a peasant (farmer) holding in relation to the departure there from of all its members, or on other basis, the common property shall be subject to division in accordance with the rules stipulated in Articles 218 and 221 of this Code.

2. The means of production which belong to a peasant or farmer holding, in the case of the exit of one of its members from the farm, shall not be subject to division. The person who exited the farm shall have the right to receive a monetary compensation proportionate with his share in the common ownership of that property.

3. In the cases stipulated in paragraph 1 and 2 of this Article, shares of the members of a peasant or farmer holding in the right of joint ownership of the property of the farm shall be recognized as equal, unless the agreement between themselves stipulates otherwise.

Footnote. Article 225 as amended by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 226. The Legal Regime of the Property in the case of Reorganization a Peasant or Farmer Holding into a Business Partnership or Co-operative

1. Members of a peasant or farmer holding on the basis of the farm's property may form a business partnership or a production co-operative. Such a reorganized peasant or farmer

holding as a legal entity, shall have the right to own the property transferred to it in the form of investments and other contributions by the members of the farm, and also the property received as a result of its activities and acquired on other grounds which do not contradict legislation.

2. The amounts of contributions of members of a peasant or farmer holding, who are participants of a partnership or members of a co-operative, shall be established on the basis of their shares in the right of common ownership of the property of the peasant or farmer holding as determined in accordance with the procedure specified in paragraph 3 of Article 225 of this Code.

Footnote. Article 226 as amended by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 227. Common Ownership of Privatized Housing

Housing which is purchased or acquired free of charge by the tenant in accordance with legislation concerning privatization in the buildings of the state housing stock, shall be transferred into the common ownership of the tenant and his (her) family members who reside permanently with him, including minors and those temporarily absent, unless it is otherwise stipulated in an agreement between them.

Special considerations with regard to the right of joint ownership of privatized housing shall be determined by legislative acts concerning housing relations.

Footnote. Article 227 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211, dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).

Chapter 12. Agreement On Joint Activities (Ordinary Partnership)

Article 228. Ordinary Partnership

1. An ordinary partnership shall be formed on the basis of an agreement on joint activities.

In accordance with the agreement concerning joint activities (the agreement on ordinary partnership) the parties undertake to act jointly in order to earn income or attain any other objective which does not contradict the law.

An ordinary partnership shall not be a legal entity.

2. The agreement concerning joint activities (the agreement on ordinary partnership) shall be concluded between citizens, citizens and legal entities, and between legal entities (consortium).

3. The obligations of the participants of an ordinary partnership, which are related to the agreement on joint business activities, before third persons shall be joint obligations, unless their joint activities agreement stipulates otherwise.

Footnote. Article 228 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 229. Maintaining general affairs of parties to the agreement

Common cases of the parties to the joint activities agreement shall be conducted by their common agreement. By the agreement between themselves, they may entrust the management of joint activities and the conduct of general affairs to one of the participants, acting in this case on the basis of a power of attorney issued by the other parties to the agreement, or to a third party in cases provided for by Article 823 of this Code and the legislation of the Republic of Kazakhstan on project financing and securitization.

Footnote. Article 229 – in the wording of the Law of the RK dated 02.01.2021 № 399-VI (shall enter into force upon the expiry of ten calendar days after the day of the first official publication).

Article 230. Common Property of the Participants in Agreement

1. In order to attain their objectives, the participants in agreement on joint activities shall make contributions in money or in other property or by way of labor contribution.

2. The monetary or any other property contributions of the participants in agreement and also the assets which are created or acquired as a result of their joint activity shall be their joint shared property.

3. *(Is excluded).*

4. The property of the participants of an agreement shall be subject to the provisions of this Code on common shared property, unless it is otherwise stipulated by the provisions of this Chapter, other legislative acts or an agreement on joint operation.

Footnote. Article 230 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 231. Common Expenditures and Losses of the Participants of the Agreement

The procedure for covering general costs associated with joint activity and losses which are incurred as a result of it shall be defined by the agreement of the participants. When the agreement does not provide for such a procedure, the general costs and losses shall be covered at the expense of the common property of the participants in agreement, and the missing amounts shall be distributed between them in proportion to their shares in that property.

Footnote. Article 231 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 232. The Conveyance of the Right and Refusal to Participate in Joint Activities

1. The conveyance of the right to participate in joint activities may be carried out only with the consent of the participants of an agreement on joint activities (ordinary partnership agreement).

2. A participant of the agreement on joint activities (ordinary partnership agreement) shall have the right at his discretion to refuse participation in joint activities.

3. Losses which are inflicted by the refusal of any one of them from the participation in joint activities shall be claimed in full volume, unless the agreement on joint activities (ordinary partnership agreement) stipulates otherwise.

Article 233. Consortium

1. The consortium shall be a temporary voluntary equal-rights union (association) on the basis of an agreement on joint business activities in which legal entities unite certain resources and co-ordinate efforts to solve specific business issues.

2. The participants of a consortium shall retain their business independence and may take part in the activities of any other consortia or associations.

Relations between the members of a consortium shall be built on a contractual basis.

3. Managing a consortium shall be carried out in accordance with the consortium agreement between the members of the consortium.

4. The participants of a consortium shall be jointly liable for the obligations related to the activities of the consortium, unless it is otherwise stipulated in the agreement on consortium.

5. A consortium shall cease its activities after the execution of the task set to it, upon the decision of its participants.

Footnote. Article 233 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 234. The Rules for Certains of Joint Activities

Certains of business activities shall be regulated by the legislation of the Republic of Kazakhstan in accordance with this Code.

Chapter 13. The Acquisition of the Right to Own and of Other Proprietary Rights

Article 235. The Basis for the Acquisition of the Right to Own

1. The right to own a new object shall belong to the person who manufactured or created it, unless it is otherwise stipulated in an agreement or legislation.

The right to own fruit, production, or income received as a result of the use of the assets, shall be acquired in accordance with Article 123 of this Code.

2. The right to own the property which has an owner may be acquired by any other person on the basis of a purchase and sale agreement, exchange agreement, a gift agreement, or any other transaction to alienate that property.

In the case of death of a citizen, the right to own the assets which belong to him shall be transferred by inheritance to other persons in accordance with the will or law.

In the case of reorganizing a legal entity, the right to own the assets which belong to it shall be transferred to the legal entities which are legal successors of the reorganized legal entity (Article 46 of this Code).

The alienation of the assets from an owner to another person past the approval of the owner shall not be allowed, except for the cases stipulated in this Code.

3. In the cases and in accordance with the procedure stipulated in this Code, a person may acquire the right of ownership of the property which does not have an owner, or the property of which the owner is not known, or the property of which the owner refused it or lost the right to own it for other reasons.

3-1. In the cases and in accordance with the procedure stipulated by the Laws of the Republic of Kazakhstan the state shall acquire the right of ownership of the property when requisition, nationalization, forced taking out of the land property, particularly for the state needs, as well as when alienating of the immovable property in view of taking out of the land property.

4. Members of a consumer co-operative (housing, housing construction co-operative, dacha cooperative, garage and any other co-operative), and other persons who have the right to accumulate share units, who fully paid their unit-share contribution for the apartment, dacha, garage or any other premises granted to those persons by the co-operative for their use, shall acquire the right to own the indicated assets.

Footnote. Article 235 as amended by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 236. The Emergence of the Right to Own Newly-Created Immovable Assets

1. The right of ownership to newly created immovable assets shall arise from the moment of state registration.

2. When legislative acts or an agreement stipulate the acceptance of the finished construction objects, then the creation of the relevant property shall be considered to be accomplished from the moment of such acceptance.

3. Is excluded by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

4. Until the moment of state registration of the right to newly created immovable assets, the property shall be subject to the rules on the ownership right for materials and other property from which the immovable property shall be created.

Footnote. Article 236 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 237. Re-processing

1. Unless otherwise stipulated in the agreement, the right of ownership of a new movable asset manufactured by a person by way of processing the materials which do not belong to him (her), shall be acquired by the owner of the materials.

However, when the cost of processing substantially exceeds the cost of the materials, the right to own the new object shall be acquired by the person who, acting in good faith, carried out the processing for himself/herself.

2. Unless it is otherwise stipulated in the agreement, the owner of the materials who acquired the right of ownership of the object manufactured thereof, shall be obliged to compensate the cost of the processing to the person who carried it out, and in the case of the purchase of the right to own the new object by that person, the latter must accordingly compensate to the owner of the materials for their value.

3. The owner of materials who lost them as a result of dishonest actions of the person who carried out the processing, shall have the right to claim the transfer of the new object into his ownership and the reimbursement of the losses inflicted upon him (her).

Article 238. The Moment of the Emergence of the Buyer's Right to Own by Agreement

1. The buyer of the property shall acquire the right of ownership by agreement from the moment of the conveyance of the object, unless it is otherwise stipulated in legislative acts or agreement.

1-1. If the right of ownership of the buyer under the agreement is subject to the state registration, the right of ownership of the buyer of the property acquires from the moment of such registration, unless it is otherwise stipulated in legislative acts.

2. When an agreement to alienate property is subject to state registration or notarization, the right of ownership shall be acquired by the buyer from the moment of the registration or notarization, and when both notarization and state registration of the agreement are required, then from the moment of its registration.

Footnote. Article 238 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days from the date of its official publication).

Article 239. Transfer of Objects

1. A conveyance shall be recognized as handing objects to the buyer, and equally the submission to a transport organization for shipment to the buyer, and the submission to the post-office for the conveyance to the buyer of the objects which are alienated without obligation of delivery, unless it is otherwise stipulated in legislation or agreement.

2. If by the moment of concluding an agreement on the alienation of an object it is already in the possession of the buyer, the thing shall be recognized as transferred to him from that

moment. The transfer of a waybill or bill of lading or any other document of title concerning objects, shall be equated to the transfer of those objects.

Article 240. Acquisitive Prescription

1. A citizen or a legal entity who is not the owner of certain property but who honestly, openly and continuously possess as his own the immovable assets for fifteen years, or any other assets for not less than five years, shall acquire the right to own those assets (acquisitive prescription).

The right to own immovable and any other assets which are subject to state registration, shall arise with the person who acquired that property by virtue of acquisitive prescription, from the moment of such registration.

2. Prior to the acquisition of the right to own property, a citizen or a legal entity which holds it as their own, shall have the right to protect their ownership against third persons who are not the owners of the property and also against third persons, who have no right to own it by virtue of any other reason stipulated in legislative acts or the agreement.

3. A citizen or a legal entity which refer to the length of possession, may add to their possession all the time during which the object was possessed by the person whose legal successors they are.

4. Running of the time period of the acquisitive prescription shall begin from the moment of owning the subject.

5. Is excluded by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days from the date of its official publication).

Footnote. Article 240 as amended by the Law of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days from the date of its official publication); dated 22.07.2011 № 479-IV(shall be enforced upon expiry of ten calendar days from the date of its official publication).

Article 241. Conversation Into Property of the Things which are Commonly Available for Collection or Extraction

In the event that, in accordance with legislation, local tradition, or general permission given by the owner, in forests, bodies of water or in any other territories, it is allowed to collect berries, catch fish, hunt animals, collect or extract any other items, the right to own the relevant items shall be acquired by the person who has collected or extracted them.

Article 242. Ownerless Objects

1. Ownerless objects shall be recognized as objects which have no owner, or whose owner is unknown, or objects for whose owners reject the right to own them.

2. Unless excluded by the rules for the acquisition of the right to own objects rejected by the owner (Article 243 of this Code), findings (Article 245 of this Code), unattended animals (Article 246 of this Code), and hoard (Article 247 of this Code), the right to own ownerless movable objects may be acquired by virtue of acquisition by acquisitive prescription (Article 240 of this Code).

3. Ownerless immovable objects shall be registered for accounting by the body which carries out the state registration of immovable assets, in accordance with an application to the local executive body in whose territory they are identified. Upon expiry of a year from the date of registering an ownerless immovable object, the body which is authorized to manage communal property may petition to the court with the claim to recognize that object as the one received by the communal property. In this case, if the ownerless thing is an object of life support of the population, the laws of the Republic of Kazakhstan may provide for its temporary exploitation until the court recognizes this thing as having come into communal ownership.

In the event that the owner release the property right by way of announcing about it, local executive body shall apply to court with the requirement to recognize that object entered the community property from the moment of the announcement about refusal.

Arrangement of work concerning the account, keep, appraise, further use and realization of property, which entered the community property shall be conducted by the local executive body.

Ownerless immovable objects, which are in the possession of the citizens or non-government legal bodies, which possess property as its own, shall not be registered and passed to the community property.

The procedure of account, keep, appraise, further use and realization of property, which entered the community property shall be determined by the Government of the Republic of Kazakhstan.

Owner shall have the right to apply with the application for the deregistration of the object belonging to him (her) as ownerless and to take it in his (her) actual occupancy at any time before the appearance of property right of another person.

Footnote. Article 242 as amended by the Law of the Republic of Kazakhstan dated December 24, 2001 № 276 (shall be enforced from January 1, 2002); dated December 20, 2004 № 13 (shall be enforced from January 1, 2005); dated June 22, 2006 № 147; dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication); dated 22.07.2011 № 479-IV (shall be enforced upon expiry of ten calendar days from the date of its official publication); dated 09.04.2025 № 179-VIII (enacted sixty calendar days after the date of its first official publication).

Article 243. Movable Objects Rejected by the Owner

1. Movable objects abandoned by their owner or otherwise left by him in such a manner that rejects ownership of specified objects may be taken by other persons into their ownership in accordance with the procedure provided for by paragraph 2 of this Article.

2. A person who owns, holds or uses a land plot where an abandoned items whose value is apparently lower than twenty monthly assessment indices is located, or abandoned metal scrap, damaged goods are located, shall have the right to turn those item into his (her) ownership by beginning to use them or by performing any other acts which witness the taking such items into ownerships.

Any other abandoned items shall come into ownership of the person who entered their ownership when pursuant to an application of that person, they are recognized by the court as ownerless.

Footnote. Article 243 is in the new wording of the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 244. Unauthorized Construction

1. A residential house, any other structure, facility or any other immovable asset which is created on a land plot which is not allocated for those purposes in accordance with the procedure stipulated in legislation and also one which is built without obtaining appropriate permits, shall be recognized as unauthorized construction.

2. A person who carries out unauthorized construction shall not acquire the right to own it . That person shall not have the right to dispose of the structure, nor to sell, transfer as gift, lease or commit any other transactions.

An unauthorized construction shall be subject to demolition by the person responsible for its construction or at his (her) expense, except for the cases stipulated in paragraphs 3 and 4 of this Article.

3. The right to own an unauthorized structure may be recognized by the court as belonging to the person, who carried out the construction on a land plot which does not belong to him (her), provided such land plot will be granted to that person in accordance with the established procedure for the placement of the structure so erected.

The right to own an unauthorized structure on a land plot which does not belong to him (her), except for the land plots, belonging to the state, may be recognized by the court if the owner of the land plot agree with that and with the payment of an indemnity to the last provided that the structure meets the requirements of the legislation of the Republic of Kazakhstan on architecture, town-planning and construction activity.

The right to own an unauthorized construction object may be recognized by the court also as belonging to the person in whose legitimate use the land plot on which the construction took place, is. In that case, the person whose right to own the structure is recognized, shall compensate the builder for the costs of the construction in the amount determined by the court .

The right to own an unauthorized structure may not be recognized as belonging to specified persons when the preservation of the structure entails violation of the rights and interests protected by law of other persons, or where it creates a threat to the life and health of citizens.

4. Taking into account social and economic expedience, unauthorized structure carried out by person on the land plots (on the land, which is not formed in the land plot) belonging to the state and which are not in use of the state land users, may be transferred to communal property with compensation for the costs of its construction in the amount determined by the court.

When carrying out an unauthorized structure on the land plot, which are not in use of the state land users, taking into account social and economic expedience, an unauthorized structure may be transferred to communal property with compensation for the costs of its construction in the amount determined by the court from the budget.

Footnote. Article 244 as amended by the Laws of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication); dated 27.04.2012 № 15-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 245. Finding

1. A person who found a lost article must immediately notify the person who lost it about its discovery, or the owner of the article, or anyone of the other persons known to him, who have the right to receive it, and return to him the found article.

When an article is found on the premises or in transport, it shall be subject to submission to the person who represents the owner of those premises or transport. In such case the owner shall acquire the rights and bear the responsibilities of the person who found the object.

2. When a person who has the right to receive the found article or his whereabouts are unknown, the person who found the object shall be obliged to report on his finding to the militia or the local executive body.

3. The person who found an article shall have the right to keep it with himself or leave it for the safe custody to the militia, the local executive body or to a person indicated by them. A perishable article, or an article the cost of the custody of which is not commensurate with its value, may be sold by the person who found it with the receipt of written evidence certifying the amount received. The money received from the sale of the found article shall be subject to safe custody or returned to the person who has the right to receive the article, or to transfer into the ownership of other persons in accordance with the procedure and on the conditions established for that article itself.

The person who found a article shall be liable for its loss or destruction only in the case of his intention or gross neglect, and within the limits of the value of the article.

4. When, upon expiry of six months from the moment of the report on finding to the militia or the local executive body, the person who has the right to receive the lost object is not identified and does not declare his right with respect to the article to the person who found it or to militia, or to the local executive body, the person who found the object shall acquire the right to own it.

When the person who found an article refuses to acquire the found article into ownership, then it shall be transferred to communal ownership.

5. The person who found and returned an article to the person who is authorized to receive it, shall have the right to receive from that person, and in the case of the transfer of the article into the communal property, from the relevant local executive body, compensation for the unavoidable expenses, associated with the storage, submission, sale of the object, and the costs of identifying the person authorized to receive it.

6. A person who found an article shall have the right to receive an award from the person authorized to receive it, in an amount of thirty per cent of the value of the object. When the found object article a value only for the person who is authorized to receive it, then the amount of the award shall be determined in accordance with an appraisal carried out by the parties.

The right to an award shall not arise if the person who found the object does not execute his obligation to report on the finding, or where he committed other actions in order to conceal the finding.

Footnote. Article 245 as amended by the Laws of the Republic of Kazakhstan dated 20.12.2004 № 13 (shall be enforced from 01.01.2005); dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 246. Unattended animals

1. A person who detained unattended or stray cattle and other domestic or tame animals shall be obliged to return them to the owner, and if he or his location are unknown, not later than within three days from the moment of such detention, to report on the found animals to the internal affairs bodies or the local executive bodies cities of the republican status, capitals, districts, cities of regional status which shall adopt measures to find the owner.

During the period of the search for the animals' owner, they may be left by the person who detained the animals for his maintenance and use, or turned in by him to another person who has sufficient facilities for their maintenance and use. Upon the request of the person who detained the animals, the local executive body shall find a person who has the required conditions for their maintenance and use, and convey to him the animals.

2. The person who detained animals and the person to whom they are transferred for maintenance and use shall be responsible for the death and damage to the animals only if their guilt exists, and only for the value of those animals.

3. If within six months from the moment of a report on the detention of working and large cattle, and two months for any other domestic animals, their owner is not identified and does not declare his right to them, the right to own those animals shall be transferred to the person with whom they stayed for their maintenance and use.

In the case of refusal of that person to accept the ownership of the animals maintained by him, they shall become communal property and shall be used in accordance with the procedure determined by the relevant local executive body.

4. In the case of return of the animals to the owner, the person who detained the animals and the person with whom they stayed for maintenance and use shall have the right to receive from that owner compensation for the expenses associated with the maintenance of the animals, with reckoning the benefits derived from their use.

5. The person who detained unattended or stray cattle, and other domestic or tame animals , shall have the right to claim from their owner the payment of a reward in accordance with paragraph 6 of Article 245 of this Code.

6. In the event that the former owner of the animals arrives after their transfer into the ownership of any other person, the owner shall have the right, in a case where circumstances are present which indicate attachment of the animals to the original owner, or cruel or other improper treatment of them by the new owner, to require their return to him on the conditions to be established by an agreement with the new owner, and if they fail to agree, through the court.

Footnote. Article 246 as amended by the Laws of the Republic of Kazakhstan dated 20.12.2004 № 13 (shall be enforced from 01.01.2005); dated 12.01.2007 № 225 (shall be enforced from the date of its official publication); dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 247. Treasure Trove

1. A treasure-trove, which is money or any other valuables hidden in the earth or concealed by any other method, the owner of which may not be identified or, by virtue of legislation lost the right to it, shall become the property, in equal shares, of the owner of the land plot or the owner of the immovable asset in which the treasure-trove was hidden and of the person who found the treasure-trove, unless the agreement between them establishes otherwise.

In a case of the finding of a treasure trove by a person who conducts excavations or research for valuables without the approval of the user of the land plot or the owner of the immovable property where the treasure-trove was hidden, the treasure-trove shall be subject to transfer to that owner.

2. In the case of finding a treasure-trove which contains articles which are memorials of historical or cultural value, they shall be subject to transfer to the ownership of the Republic of Kazakhstan. In that instance, the user of the land plot or the owner of the immovable

property in which such treasure-trove has been found, and the person who found the treasure-trove, shall have the right to receive a reward in the amount of fifty per cent of the value of that treasure-trove. The reward shall be distributed between those persons subject to the rules stipulated in paragraph 1 of this Article.

Footnote. Article 247 as amended by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 248. The Acquisition of Property Confiscated from the Owner

If a person, in accordance with the procedure and under the conditions stipulated in legislative acts, acquired property confiscated from the owner, on a legitimate basis that person shall acquire the right to own the property.

Chapter 14. Cessation of the Right to Own and of Other Corporeal Rights Article 249. The Basis for the Cessation of the Right to Own

1. The right of ownership shall cease after the alienation by the owner of his property to other persons, the refusal by the owner of the right to own, the death or destruction of property, and the removal of the right to own the property in any other cases stipulated in legislative acts.

2. Compulsory confiscation from an owner of his property shall not be allowed except in the following cases:

1) imposition of a claim upon the assets based on the liability of the owner;

2) compulsory alienation of assets which by virtue of legislative acts may not belong to that person;

3) requisition;

4) confiscation;

5) alienation of immovable assets in connection with the reservation of a land plot;

6) purchase of ownerless cultural or historic valuables;

7) in any other cases stipulated in this Code;

8) sale of property at public auctions by court decision in the event that it is impossible to divide common property or divide a share out of it in accordance with Article 218 of this Code;

9) Forfeiture of the property to the state in accordance with the legislation of the Republic of Kazakhstan on the return of illegally acquired assets to the state.

3. The assets which are in state ownership shall be alienated into private property:

1) of citizens and legal entities, in the cases, on the conditions and in accordance with the procedure stipulated in the legislative acts concerning the state property;

2) by way of transferring the state property objects to the payment of the carter capital of legal entities;

3) in the other cases strictly provided by the laws of the Republic of Kazakhstan.

3-1. The object of alienation may not be the property that, in accordance with the laws of the Republic of Kazakhstan, may only be in state ownership, as well as property that is in state ownership and is not subject to alienation in accordance with acts of the President of the Republic of Kazakhstan or the Government of the Republic of Kazakhstan in coordination with the President of the Republic of Kazakhstan.

4. In the case of adoption of the Law of the Republic of Kazakhstan concerning conversion into state ownership of the property which is in private ownership of citizens and legal entities (nationalization), their losses shall be compensated in accordance with the procedure stipulated in Article 266 of this Code.

Footnote. Article 249 as amended by the Laws of the Republic of Kazakhstan dated 11.12.2008 № 102-IV (the order of enforcement see Art. 2); dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 12.07.2023 №23-VIII (shall be enforced sixty calendar days after the date of its first official publication);dated 23.12.2023 № 51-VIII (shall be enforced ten calendar days after the date of its first official publication).

Article 250. The Refusal of the Right to Own

A citizen or a legal entity may refuse the right of ownership to the property belonging to him by announcing this either orally or in writing or by performing other actions (inaction) that definitely prove his removal from possession, use and disposal of property without the intention to retain any rights to this property.

The refusal of the right to own must be lawful, voluntary and indicating that the owner refuses to own, use and dispose the property.

The refusal of the right to own shall be the will of the owner. The state and its bodies shall have no right to refuse the right of ownership, except for the cases established by law.

The refusal of the right to own shall not entail termination of the owner's rights and obligations with respect to the relevant property until the acquisition of the ownership right to the property by another person.

Footnote. Article 250 in the new wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 251. Imposition of a Claim on the Assets of an Owner

1. The imposition of a claim upon assets based on the liability of the owner shall be carried out in a judicial procedure, unless it is otherwise stipulated by the legislative acts of the Republic of Kazakhstan or the contract.

2. The owner's right to own the assets upon which a claim was imposed shall cease from the moment of the emergence of the right to own the confiscated assets by the person to whom the right to own transfers in accordance with the procedure stipulated in the legislation.

Footnote. Article 251 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211; dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 252. Cessation of the Right to Own of a Person to whom by Virtue of Legislative Acts the Assets May not Belong

1. If due to reasons allowed by legislative acts a person came into ownerships of the articles which may not belong to him by virtue of legislative acts, that property must be alienated by the owner within one year from the moment of the acquisition of the right of ownership of that property, unless other period is specified in legislative acts. In a case where the assets are not alienated by the owner within the indicated deadlines, they, in accordance with the decision of the court, shall be subject to compulsory alienation with compensation to the owner for the value of the assets, less the expenditures associated with their alienation.

2. When a citizen or a legal entity owns an object for which special permission is required , on the grounds allowed by the legislative acts, and its issue to the owner is denied, that object shall be subject to alienation in accordance with the procedure which is established for the property which may not belong to that owner.

Article 253. Requisition

1. In cases of natural calamities, accidents, epizootic epidemics, and under any other circumstances which have an extraordinary nature, property may be requisitioned in the interests of the society upon the resolution of the state bodies from an owner in accordance with the procedure and on the conditions established by legislative acts, with the payment to him of the value of the property (requisition).

2. The evaluation on the basis of which the owner is reimbursed for the value of the requisitioned property may be challenged by the owner in a judicial procedure.

3. A person whose assets are requisitioned shall have the right to claim through the court the return to him of the remaining assets, after the cessation of the effect of the circumstances in relation to which the requisition took place.

Footnote. Article 253 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Article 254. Confiscation

In the cases stipulated by the legislative acts of the Republic of Kazakhstan, property may be confiscated without compensation from the owner in judicial procedure in the form of a sanction for the commitment of an administrative or criminal offense (confiscation).

Footnote. Article 254 in the new wording of the Law of the Republic of Kazakhstan dated 03.07.2014 № 227-V (shall be enforced from 01.01.2015).

Article 255. Cessation of the Right to Own Immovable Property in Relation to the Reservation of Land and Other Natural Resources

Footnote. The title of the Article 255 is in the wording of the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV(shall be enforced upon expiry of ten calendar days after its official publication).

1. The termination of the right to own immovable property due to a decision by a state body which is not directly aimed at the confiscation of property from the owner, including by the decision to reserve the land plot upon which a house or any structures, installations or plantations which belong to the owner are located, shall be allowed only in cases in accordance with the procedure established by the legislative acts, with the granting to the owner of equally valuable assets and the reimbursement of any other losses incurred, or refunding to him in full volume the losses inflicted by the termination of the right to own.

2. In the case of a disagreement by the owner with a decision which entails the termination of his right of ownership, it may not be effected prior to the settlement of the dispute in a judicial procedure. When a dispute is considered, all the issues associated with the reimbursement of the owner for the inflicted losses shall be also settled.

3. The rules of this Article shall appropriately apply when the right of ownership of immovable assets is terminated in connection to the decision of a state body to reserve mining allotments, parts of the sea bed and any other plots on which assets are located.

Footnote. Article 255 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its official publication).

Article 256. Withdrawal of Ownerless Cultural and Historic Assets

Footnote. The title of the Article 256 is in the wording of the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced upon expiry of ten calendar days after its official publication).

In the cases when an owner of cultural and historic valuables, which in accordance with legislation are recognized as especially valuable and protected by the State, carelessly keeps those valuables, and this threatens the loss by them of their significance, such valuables upon the decision of the court may be confiscated from the owner by the State by way of purchase or sale through a public auction.

When cultural valuables are purchased, the owner shall be compensated for their value in an amount established by agreement of the parties, and in the case of a dispute, by the court. In selling through an auction, the amount received from the sale shall be transferred to the owner, with subtractions for the auction costs.

Footnote. Article 256 as amended by the Law of the Republic of Kazakhstan dated 01.03.2001 № 414-IV (shall be enforced upon expiry of ten calendar days after its official publication).

Article 257. The Appraisal of the Assets When Terminating the Right to Own

When terminating the right to own, assets shall be appraised on the basis of their market value, unless otherwise provided by the laws of the Republic of Kazakhstan.

Footnote. Article 257 as amended by the Law of the Republic of Kazakhstan dated 01.03.2001 № 414- IV (shall be enforced upon expiry of ten calendar days after its official publication).

Article 258. Cessation of Material Rights which Belong to a Non-owner

Corporeal rights which belong to a non-owner shall terminate in accordance with the rules established by Articles 249-257 of this Code, and also upon the decision of the owner in accordance with the procedure established by legislative acts, by the charter of the legal entity or by agreement of the owner with the holder of the property.

Chapter 15. Protection of the Right to Own and of Other Material Rights Article 259. Recognition of the Right to Own

An owner shall have the right to claim recognition of his right to own.

Article 260. Owner’s Claim to Return Property from Somebody else’s Illegal Possession

An owner shall have the right to seek the return of his property from somebody's illegal possession.

Article 261. Claiming from a Bona Fide Buyer

1. When assets are purchased from a person who did not have the right to alienate them, for a price, and the buyer had no knowledge and should not have had knowledge of this (a bona fide buyer), then the owner shall have the right to claim that property from the buyer only in the case where the assets were lost by the owner, or by the person to whom the assets were transferred by the owner for possession, or if the assets were stolen from one of them, or went out of their possession in any other way outside their will.

2. If assets are purchased free of charge from a person who did not have the right to alienate them, the owner shall have the right to claim the assets in any case.

3. Claiming assets on the grounds indicated in paragraph 1 of this Article shall not be allowed, provided the assets were sold in accordance with the procedure established for the execution of court decisions.

4. The Law of the Republic of Kazakhstan “On the return of illegally acquired assets to the state” may establish other grounds for recognizing a person as a bona fide acquirer.

Footnote. Article 261 as amended by Law of the Republic of Kazakhstan dated March 2, 1998 № 211; dated 12.07.2023 №23-VIII (shall be enforced ten calendar days after the date of its first official publication).

Article 262. Limitation on the Claims of Money and Securities

Money and also bearers' securities may not be claimed from a bona fide buyer.

Article 263. Settlements in Returning Things from Illegal Possession

1. In claiming assets on the basis of Articles 260 and 261 of this Code, the owner shall also have the right to claim from a mala fides holder the return, or reimbursement, of all the income which he derived or should have derived during the entire time of possession; while from the bona fide holder, of all the income which he derived or should have derived from the time when he learnt of the illegitimacy of his possession and received the subpoena related to the action of the owner to return the assets. A bona fide holder in his turn shall have the right to claim from the owner reimbursement of the necessary costs incurred in relation to the property from the time when income from the property became due to the owner. An mala fides holder shall have the right to obtain such reimbursement entirely or in part only in the cases in which the claim of the owner is recognized by the court as substantial.

2. An illegitimate possessor shall have the right to retain the improvements made by him, if they may be separated without damaging the article. When such separation of improvements is impossible, the bona fide holder shall have the right to claim reimbursement of costs incurred for the improvement, but not for more than the amount of the increase in the value of the object. The male fides holder shall have no such right.

Article 264. Protection of the Right of the Owner from the Violations which are not Related to the Deprivation of Ownership

An owner may claim the removal of any violation of his right, even though those violations are not related to deprivation of ownership.

Article 265. Protection of Material Rights of the Person who is not an Owner

The rights which are stipulated in Articles 259 - 264 of this Code shall also belong to a person who, although he is not the owner, holds the property under the economic management, operational management, permanent land use or on another basis which is

stipulated in the legislative acts or the agreement. That person shall have the right to protect his possessions from the owner, as well.

Article 266. Protection of the Interests of the Owner when His Rights are Terminated for Reasons Stipulated in the Law

In the case of adoption by the Republic of Kazakhstan of legislative acts which terminate the right to own, the losses inflicted upon the owner as a result of the adoption of those acts shall be reimbursed to the owner in full volume by the Republic of Kazakhstan.

Article 267. Invalidity of the Acts of the Bodies of Power and of the Officials who Violate the Rights of an Owner and Other Corporeal Rights

Footnote. The title of Article 267 is in the wording of the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced upon expiry of ten calendar days after its official publication).

1. Where as a result of issuing a regulatory or individual act which does not comply with legislation, by a public body a local representative or executive body, or by an official person, the rights of an owner and of any other persons are violated in relation to ownership, use and dispose of the property which belongs to them, such an act shall be recognized as invalid in a judicial procedure initiated through the action of the owner or a person whose rights are violated.

2. When a court passes its decision on a specific case, the acts of the public bodies and of a local representative or executive body, which contradict the legislative acts shall not be applicable.

Losses caused to the owner as a result of issuance of these acts shall be compensated in full by the relevant state body from the funds of the corresponding budget in accordance with the rules of paragraph 1 of Article 922 of this Code.

Footnote. Article 267 as amended by the Law of the Republic of Kazakhstan dated 01.03.2001 № 414-IV (shall be enforced upon expiry of ten calendar days after its official publication); dated 17.07.2015 № 333-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Section 3. Law of Obligations

Subsection 1. General Provisions Concerning Obligations

Chapter 16. The Definition and the Grounds for the Emergence of an Obligation

Article 268. Obligation

If due to an obligation, one person (the debtor) shall be obligated to commit for the benefit of another person (the creditor) a certain action, such as: transfer property, perform work, pay money, etc., or refrain from a certain action, and the creditor shall have the right to

claim from the debtor to fulfill his obligations. The creditor shall be obliged to accept fulfillment from the debtor.

The provisions of this subsection apply to obligations, unless otherwise provided for in the Special Part of this Code.

Footnote. Article 268 in the new wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 269. Parties to an Obligation

1. *(Is excluded).*

2. Several persons may participate simultaneously in an obligation as either of the parties, the creditor or the debtor. In those cases, a shared, joint or subsidiary obligation shall arise in accordance with the rules established by this Code (Articles 286 - 288).

The invalidity of the claims of a creditor toward one of the persons who participate in an obligation on the side of the debtor by itself shall not affect the creditor's claims toward other such persons, and this is also applicable as to the expiration of the term of the statute of limitations of the claim toward such a person.

3. If due to an obligation either of the parties has an obligation for the benefit of the other party, either first party shall be deemed to be a debtor of the other party with regard to what it is obliged to do to benefit the other, and simultaneously its creditor in what it has the right to claim from the other.

Footnote. Article 269 as amended by Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 270. Participants of an Obligation

1. Participants in an obligation shall be the parties (debtor and creditor) and third persons.

2. The persons who are bound by obligations or other legal relations with one of the parties of an obligation shall act as third persons.

3. An obligation shall not create duties for third persons. In the cases stipulated by the legislation or agreement of the parties, an obligation may give rise to the rights of third persons in respect of one or both parties to the obligation.

Article 271. The Grounds for the Emergence of Obligations

Obligations shall emerge from an agreement, infliction of damage or on any other grounds which are stipulated in Article 7 of this Code.

Chapter 17. Execution of an Obligation

Article 272. Proper Execution of an Obligation

Obligation must be fulfilled in a proper manner, in accordance with the conditions of the obligation and requirements of legislation, and if such conditions and requirements do not exist, then in accordance with the traditions of business practice or any other requirements which are usually applicable.

Article 273. Prohibition of a Unilateral Refusal to Execute an Obligation

A unilateral refusal to execute an obligation and a unilateral alteration of its conditions shall not be allowed, except for the cases stipulated by the legislation or agreement.

Article 274. Execution of an Obligation by Part

A creditor shall have the right not to accept the execution of an obligation by part, unless it is otherwise provided for by the conditions of the obligation, the legislation, or ensues from the traditions of business practice or the essence of the obligation.

Article 275. The Execution of an Obligation to the Proper Person

Unless it is otherwise provided for by an agreement of the parties or ensues from the tradition of business practice, or the essence of the obligation, when an obligation is executed the debtor shall have the right to claim evidence that the execution is accepted by the creditor himself or by a person authorized by the creditor, and the debtor shall bear the risk of the consequences of failure to present such a claim.

Article 276. The Execution of an Obligation by a Third Party

1. The execution of an obligation may be delegated, entirely or in part, to a third party, provided it is stipulated in legislation or the agreement, and also when the third party is related to one of the parties through an appropriate agreement.

2. When the obligation of a debtor to execute an obligation personally does not ensue from legislation, conditions of the obligation or from its essence, the creditor shall be obliged to accept the execution offered for the debtor by a third party.

3. The third party that bears the risk to lose its right to the property of a debtor (the right to use, own, mortgage etc.), as a result of the imposition by the creditor of a claim upon that property, may at its expense satisfy the claim of the creditor without the consent of the debtor. In that case the rights of the creditor in the obligation shall be transferred to the third party, and the rules of this Code concerning the assignment of a claim (Articles 339 - 347 of this Code) shall apply.

Article 277. The Term for the Execution of an Obligation

1. When an obligation stipulates or permits the identification of the date of its execution or a period of time during which it must be executed, the obligation shall be subject to execution on that date or appropriately at any moment within that period.

2. In the cases where an obligation does not stipulate the date for its execution and does not contain any conditions which allow the identification of that date, it must be executed within a reasonable period after the emergence of the obligation.

An obligation which is not executed within a reasonable term, and equally an obligation the term for the execution of which is identified as the moment of the claim, must be executed by the debtor within seven days from the date of the presentation by the creditor of the claim for its execution, unless the duty to execute by any other date ensues from legislation, the conditions of the obligation, traditions of business practice or the essence of the obligation.

Article 278. The Requirements of a Regular Execution of an Obligation

The obligations which are intended to be for a long term of execution must be executed regularly within reasonable periods for suchs of obligations (a day, ten days, a month, a quarter, etc.), unless it is otherwise stipulated in the legislation, or the conditions of the obligation, or ensues from the essence of the obligation, or the traditions of business practice.

Article 279. Premature Execution of an Obligation

1. A debtor shall have the right to execute an obligation prior to the deadline, unless it is otherwise stipulated in legislation or conditions of the obligation or ensues from its essence.

2. A premature execution of obligations related to entrepreneurial activities shall be allowed only in cases where the possibility of fulfilling the obligation prior to the deadline is stipulated in legislation, or the conditions of the obligation, or ensues from the tradition of business practice or the essence of the obligation.

Article 280. Information Concerning the Course of Execution of an Obligation

The legislation or conditions of an obligation may stipulate a duty of the debtor to report to the creditor upon the course of execution of the obligation.

Article 281. The Place of the Execution of an Obligation

If the place of the execution is not determined by legislation or the conditions of the obligation, and it does not clearly ensue from the essence of the obligation or traditions of business practice, the execution must be carried out as follows:

1) an obligation to transfer immovable property, - in the place where the property is situated;

2) an obligation to transfer goods or other property with the use of transport,- in the place of transfer of the goods to the first carrier for delivery to the creditor;

3) other obligations of an entrepreneur to transfer goods or other assets,- in the place of the manufacture or storage of the property, provided that the location is known to the creditor at the moment of the emergence of the obligation;

4) a monetary obligation - in the place of residence of the creditor at the moment of the emergence of the obligation, and if the creditor is a legal entity, - in the place where it is situated at the moment of the emergence of the obligation; if the creditor by the time of the execution of the obligation changed his place of residence or the place of its location and notified the debtor of it, - at the new place of residence or location of the creditor, with the charging of all the costs associated with the change of the place of the execution to his account;

5) with regard to any other obligations, - in the place of residence of the debtor, and if the debtor is a legal entity at the place of its location.

Footnote. Article 281 as amended by Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 282. Monetary Obligations

1.By force of money obligation one party (debtor) shall be obliged to pay money to another party (creditor), and the creditor shall have the right to demand from the debtor the implementation of his obligations to pay money (money loan and other obligations). Regulations on money obligations shall be applied to obligations to pay money on compensation of losses and payment of a penalty as well as obligations resulting from causing of harm or unjustifiable enrichment, unless another provided by this Code, legislative acts of the Republic of Kazakhstan or do not result from the subject of obligation.

Monetary obligations in the territory of the Republic of Kazakhstan must be expressed in the Tenge (Article 127 of this Code), except for the cases specified by legislative acts of the Republic of Kazakhstan.

The use of foreign currency, and also of payment documents in foreign currency when making payments on obligations in the territory of the Republic of Kazakhstan, shall be allowed in the cases and on the conditions defined by legislative acts of the Republic of Kazakhstan or in accordance with the procedure established by them.

The procedure and methods for making payments and transfers shall be established by the legislation of the Republic of Kazakhstan on payments and payment systems and shall be determined by the parties in the relevant contract.

2. The amount of payment made, insufficient for performance of the monetary obligation, in the absence of any other agreement of the parties, primarily repays the debt on the principal debt and remuneration (interest), principal debt and remuneration (interest) for the current period, and in the remainder - the penalty and costs of the creditor on receipt of performance.

The specifics of repayment of payments under bank loan agreements or on provision of microcredit shall be established by the Banking Legislation of the Republic of Kazakhstan or the Legislation of the Republic of Kazakhstan on microfinance activity.

3. In long term obligations, the indexation of payments on the conditions specified by the parties may be indicated.

Footnote. Article 282 as amended by the Laws of the Republic of Kazakhstan dated July 11, 1997 № 154; dated July 16, 1999 № 436; dated December 24, 2001 № 276 (shall be enforced from January 1, 2002); by the Law of the Republic of Kazakhstan dated July 10, 2003 № 483 (shall be enforced from January 1, 2004); dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten day after its first official publication); dated24.11.2015 № 422-V (the order of enforcement see Art.2); dated 26.07.2016 № 12-VI (shall be enforced upon expiry of thirty calendar days after the day its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Article 283. Increase of the amounts paid for maintenance of a citizen

The amount paid on the monetary obligation directly for maintenance of a citizen (compensation for harm caused to life or health, under the contract for life maintenance and others), increases annually proportionally to the average value of the forecast inflation level.

Footnote. Article 283 in the new wording of the Law of the Republic of Kazakhstan dated 27.04.2015 № 311-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 284. Execution of mutual duties

1. Mutual obligations must be executed by the parties simultaneously, unless otherwise follows from the legislation of the Republic of Kazakhstan, the contract, good business practices, the terms of the obligation or its essence.

2. In case of non-execution or improper execution of the obligation by one of the parties, the second party shall have the right to suspend the performance of its obligation or to refuse to execute this obligation and demand compensation for losses.

Footnote. Article 284 in the new wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 285. Execution of an Alternative Obligation

A debtor who is obliged to commit one of two or of several actions shall have the right to select among them, unless it otherwise ensues from legislation or conditions of the obligation.

Article 286. Execution of an Obligation in which there are Several Creditors or Several Debtors

When several creditors or several debtors participate in an obligation (obligation with a number of persons), then either of the creditors shall have the right to claim the execution of the obligation, and each of the debtors shall be obliged to execute the obligation in a share equal to others, unless it otherwise ensues from legislation or the conditions of the obligation (shared obligation).

Article 287. The Execution of a Joint Obligation

1. An obligation with a number of persons, by virtue of which each creditor has the right to claim, and each debtor is obliged to execute the obligation in full, shall be recognized as a joint obligation.

A joint obligation or a joint claim shall arise if it is provided for in the agreement or established by legislative acts, in particular, where the subject of the obligation is indivisible.

2. The duties of several debtors in respect to an obligation associated with entrepreneurial activity, as well as the claims of several creditors in such an obligation shall be recognized as joint ones, unless legislation or conditions of the obligation stipulate otherwise.

3. In the case of joint obligation of debtors, the creditor shall have the right to claim the execution both from all the debtors and from any one of them separately, and in this respect for full repayment and for part of the debt. The creditor who have not received complete satisfaction from one of the joint debtors shall have the right to claim the amount in arrears from the other joint debtors.

The joint debtors shall remain obliged until the obligation is executed in full. The execution of a joint obligation in full by one of the debtors shall release the other debtors from their execution to the creditor.

4. When claims are joint, any of the joint creditors shall have the right to present to the debtor the claim in full volume.

The execution of an obligation in full to one of the joint creditors shall release the debtor from execution to the other creditors.

5. In the case of a joint obligation, the debtor shall not have the right to make objections against the claims of the creditor which are based on such relations of the other debtors to the creditor in which that debtor does not participate.

In the case of joint claims, the debtor shall not have the right to make objections against the claims of one of the joint creditors, which are based on such relations of the debtor with another joint creditor, in which that creditor does not participate.

Footnote. Article 287 as amended by Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 288. The Execution of a Subsidiary Obligation

The legislative acts or conditions of an obligation between the creditor and the debtor may specify that, in the case of a failure by the principal debtor to satisfy the claim of the creditor to execute the obligation, that claim may be made to the other debtor (a subsidiary debtor) such part of it as is not executed.

Article 289. Regress Claims

1. A debtor who executed an obligation of another person shall have the right of return claim (regress) to that person in the amount of the obligation executed.

A debtor who failed to execute an obligation as a consequence of actions of a third party, shall have the right to claim compensation for the losses from that party.

2. A debtor who executed a joint obligation shall have the right to a return claim against each of the other debtors in equal shares less the share which is his own share.

The amount unpaid by one co-debtor to the debtor who executed a joint obligation shall equally fall on that debtor and on the other co-debtors.

The rules of this paragraph shall apply appropriately when a joint obligation is terminated by offset of a counter claims of one of the debtors.

3. A joint creditor who received execution from a debtor shall be obliged to recompense the other creditors for the shares which are due to them, unless it otherwise ensues from relations between them.

Article 290. Certification of the Execution of Obligations

1. Upon the claim of a debtor, a creditor, when accepting an execution, shall be obliged to issue to him a written confirmation of receipt of the execution in full or in part.

When the debtor issues to the creditor a debt document to certify the obligation, then the creditor accepting the execution must return that document to the debtor. Where it is impossible to return, he must indicate that in the receipt which he issues.

The receipt may be substituted by an inscription on the debt document which is returned to the debtor.

2. The placement of the debt document with the debtor shall certify, unless the contrary is proven, the termination of the obligation.

3. In the case of the refusal by the creditor to issue a receipt for the execution, to return the debt document, or to indicate the impossibility of its return in the receipt, the debtor shall have the right delay execution. In that case the creditor shall be deemed to be delaying.

Article 291. Fulfillment of the obligation to pay the debt

Footnote. Article 291 title in the wording of the Law of the Republic of Kazakhstan dated 02.07.2018 № 166-VI (shall be enforced dated 01.07.2019).

1. A debtor in order to execute obligations shall have the right to place on the terms of depositing the money he owes, and securities - on the terms of custody in the name of a

notary and in the cases established by legislative acts - in the name of the court, if the obligation may not be executed by the debtor as a result of the following:

1) absence of the creditor or the person who is authorized by him to accept the execution in the place where the obligation must be executed;

2) incapacity of the creditor and his not having a representative;

3) obvious lack of certainty as to who the creditor is with regard to the obligation, particularly, in connection with a dispute about that between the creditor and other persons;

4) evasion by the creditor of acceptance of the execution, or any other delay on his behalf;

The debtor, in fulfillment of obligations, also shall has the right to place the money owed from him on the terms of a deposit in the name of a notary if the notarized agreement between the debtor and the creditor provides for placement of money on the deposit of notary as a way of fulfilling the obligation.

2. The placement of money or securities on the terms of depositing or custody in the name of notary or a court shall be deemed to be execution of an obligation.

A notary or a court in whose name money or securities are deposited, shall notify the creditors accordingly.

3. Peculiarities of fulfillment of certain obligations in the securities market, which cannot be fulfilled due to the grounds specified in paragraph 1 of this article, are established by the laws of the Republic of Kazakhstan.

Footnote. Article 291 as amended by Law of the Republic of Kazakhstan dated July 11, 1997 № 154; dated March 2, 1998 № 211; dated 02.07.2018 № 166-VI (shall be enforced dated 01.07.2019); dated 21.01.2019 № 217-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Chapter 18. Securing Execution of Obligations

Paragraph 1. General Provisions

Article 292. Methods of Securing the Execution of Obligation

1. Fulfillment of an obligation may be secured by a forfeit, pledge, lien on the debtor's property, surety, guarantee, advance payment, guarantee fee, security deposit and other methods provided for by the legislation of the Republic of Kazakhstan or the contract.

Methods of securing the execution of obligations concerning the securities shall be established by the legislative acts of the Republic of Kazakhstan, regulating the activity in the security market.

2. The invalidity of an agreement on securing an obligation shall not entail the invalidity of that obligation (the principal obligation).

3. The invalidity of the principal obligation shall entail the invalidity of the obligation which secures it.

4. Termination of the main obligation shall entail termination of the obligation securing it, unless otherwise provided by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 292 as amended by Law of the Republic of Kazakhstan dated 08.07.2005 № 72 (the order of enforcement see Art. 2); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its official publication); dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016); dated 12.07.2022 № 138-VII (shall be enforced sixty calendar days after the date of its first official publication).

Paragraph 2. Forfeit

Article 293. The Definition of Forfeit

Damages (fine, penalty) shall be recognized as a monetary amount defined by legislation or agreement, which must be paid by a debtor to the creditor in the case of failure to execute, or improper execution of an obligation, in particular, in the case of a delay in execution. Upon the claim to pay the damages, the creditor shall not be obliged to prove losses caused to him.

Footnote. Article 293 as amended by Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 294. The Form of an Agreement on Forfeit

The agreement on damages must be committed in writing, irrespective of the form of the principal obligation.

Non-compliance with the written form shall entail the nullity of the penalty agreement.

Footnote. Article 294 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 295. Legal Forfeit

1. A creditor shall have the right to claim the payment of damages as determined by legislation (legal damages), irrespective of whether the obligation for its payment is stipulated in the agreement of the parties.

2. The amount of the legal damages may be increased by agreement of the parties, provided legislation does not prohibit it.

Article 296. Amount of Forfeit

The amount of forfeit shall be determined in a fixed monetary amount or in a percentage of the amount in default or the amount of the improperly executed obligation.

Article 297. Reduction of the amount of penalty

If the penalty (fine, fee) to be paid is excessively large as compared to the losses of the creditor, the court, at the request of the debtor, shall have the right to reduce the penalty (fine, fee), considering the degree of fulfillment of the obligation by the debtor and the interests of the debtor and creditor that deserve attention.

Footnote. Article 297 in the new wording of the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 298. The Grounds for Levying Forfeit

Damages shall be levied for failure to execute or for improper execution of an obligation, when the conditions exist for holding the debtor responsible for violation of the obligation (Article 359 of this Code).

Paragraph 3. Pledge

Article 299. Definition of Pledge

1. Pledge shall be recognized as a method of securing the execution of an obligation, by which a creditor (pledge holder) has the right, in the case of failure by the debtor to execute the obligation secured with the pledge, to receive satisfaction from the value of the pledged property, in a priority procedure before the other creditors of the person to whom that property belongs (pledger), with the exceptions established by this Code.

The pledge holder shall have the right to receive on the same principles as satisfaction from the insurance compensation for the loss or damage to the pledged property, irrespective of for whose benefit it is insured, unless the loss or damage took place for reasons outside the control of the pledge holder.

2. The pledge of enterprises, buildings, installations, apartments, rights to land plots and any other immovable property (mortgage) shall be regulated by the Law of the Republic of Kazakhstan Concerning Mortgage of Immovables. The general rules concerning pledge, which are contained in this Code shall apply to mortgage in the cases where the Law of the Republic of Kazakhstan Concerning Mortgage does not stipulate any other rules.

3. The pledge of the air and sea vessels, vessels of domestic water travel, vessels of river and sea sailing (mortgage of the vessel) which are subject to state registration, shall be regulated by the special legislative acts of the Republic of Kazakhstan. The general rules concerning pledge, which are contained in this Code shall apply to mortgage of the vessel in the cases where the Law of the Republic of Kazakhstan Concerning Mortgage does not stipulate any other rules.

The requirements of the part one of this Article shall also extend to the building sea vessels, vessels of domestic water travel, vessels of river and sea sailing.

Footnote. Article 299 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211; dated January 17, 2002 № 285.

Article 300. The grounds for the emergence of pledge

1. Pledge shall arise by virtue of an agreement. Pledge shall arise also on the basis of legislative acts when the events indicated therein take place, provided the legislative acts specify what property is recognized as held under pledge and which obligations are secured.

2. The rules of this Code concerning the pledge, which arises by virtue of an agreement, shall appropriately apply to a pledge which arises on the basis of legislative acts, unless legislative acts stipulate otherwise.

Article 301. Subjects of a Pledge

1. Any property including objects and property rights (claims), except for the objects which are excluded from circulation (paragraph 2 of Article 116 of this Code), claims which are inseparably associated with the person of the creditor, in particular the claims of alimony, compensation for harm caused to life or health, and other rights the assignment of which to any other person is prohibited by legislative acts, may be subject of a pledge.

2. The right to pledge may be applied by agreement to the property which will come into ownership or under business authority of the pledger in the future.

3. Pledge of certains of property, in particular the property of citizens upon which it is prohibited to make claims, may be restricted or prohibited by the legislative acts.

4. *(is excluded dated January 12, 2007 № 225).*

5. *(is excluded).*

Footnote. Article 301 as amended by the Laws of the Republic of Kazakhstan dated July 11, 1997 № 154; dated March 2, 1998 № 211; dated July 8, 2005 № 72 (the order of enforcement see Art. 2); dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 302. Claims which are secured by Pledge

1. Unless it is otherwise stipulated by the agreement or legislative acts, the pledge shall secure a claim in the volume which it has at the moment of the actual satisfaction, including remuneration (interest), and compensation of losses incurred by delay in the execution, damages (fine, penalty), the necessary expenses associated with the maintenance of the pledged property, and also the compensation for the costs associated with the collection.

2. Pledge may be established in respect to the claims which will arise in the future, provided the parties agree on the amount of such claims, which is secured by the pledge.

Footnote. Article 302 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154

Article 303.s of Pledge

1. Mortgage is a of pledge under which the pledged property remains in the possession and use of the pledger or a third person.

Enterprises, structures, buildings, installations, apartments in blocks of apartments, transport vehicles, outer space objects, goods in circulation and other property which is not excluded from the civil circulation, may be subject to mortgage.

Separable fruits may be subject to mortgage only on the condition that they do not become subject to rights of any third party from the moment of separation. The mortgage of enterprises, structures, buildings, installations, apartments in blocks of apartments, transport vehicles and cosmic objects shall be subject to registration at the bodies which carry out the registration of such objects.

2. Pawning shall be the of pledge whereby the pledged property is transferred by the pledger into the possession of the pledge holder.

With the consent of the pledgee, the pledged object may be left with the pledgee under the pledgee's lock. The object of pledge may be left in the possession of the pledgor with the application of signs evidencing the pledge (hard pledge).

3. In the pledge of rights, the property rights which may be alienated may be subject to pledge, and in particular, the leasing rights to enterprises, structures, buildings, installations, the right to a share in the assets of a business partnership, debt claims, copyright, inventor's rights and other property rights.

The pledge of the rights to a land plot and also of the rights to other natural resources shall be allowed within the limits and under the conditions stipulated in the legislation concerning land and any other natural resources.

A term right may be subject to pledge only prior to the expiry of the term of its validity.

The debtor of a pledged right must be notified of the pledge.

When a pledged right is confirmed by a document, the pledge agreement may be documented in the form of a transfer of the document which establishes the right.

3-1. In the pledge of the bank deposit, the rights of the depositor according to the bank deposit agreement shall be pledged. Pledger-depositor shall be obliged to inform bank in writing about the pledge of the bank deposit, indicating the records of the pledgeholder.

4. Pledge of securities shall be carried out in accordance with the legislation concerning the Security Market

5. Unless it is otherwise stipulated in the pledge agreement, money which are the pledged object shall be placed in a bank.

Remuneration (interest) owing on those funds shall belong to the pledger, unless otherwise specified by the agreement.

Money may be passed to the pledger or another person subject to terms limiting the opportunity of using the pledged money by that person (keeping in the bank cash box, box of

the safe separate premise for keeping). Non-fulfillment of the terms limiting the opportunity of using the pledged money by the person shall be the basis for his liability for unjust enrichment from the moment he received money.

Footnote. Article 303 as amended by the Laws of the Republic of Kazakhstan dated 11.07.1997 № 154; dated 08.07.2005 № 72 (the order of enforcement see Art. 2); dated 12.01.2007 № 225 (shall be enforced from the date of its official publication); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); № 156-VI dated 24.05.2018 (shall be enforced upon the expiration of ten calendar days after the date of its first official publication).

Article 304. The Pledge of the Property which is in Common Ownership

The property which constitutes common property may be pledged only with the consent of all the owners. The right to a share in common property may be an independent subject of the pledge.

Article 305. A Pledger

1. Both the debtor and a third party may be pledgers.

2. The owner of an entity, or with the consent of the owner, any other person who has in respect to that entity the right of business authority, may be pledgers, unless it is otherwise provided for by legislative acts.

3. A person to whom the right to be pledged belongs may be a pledger of the right.

The pledging of the right to lease or any other right to somebody else's object shall not be allowed without consent of its owner, or of the person who has, in respect to that object the right of business authority, when legislative acts or an agreement prohibit the alienation of that right without consent of specified persons.

Article 305-1. Co-pledgee

1. In cases stipulated by the Laws of the Republic of Kazakhstan or agreements, the subject of the pledge ensuring the fulfillment of the obligation under one loan agreement may be pledged to several pledgees (co-pledgees) in order to ensure the fulfillment of the obligations of one debtor to them.

Unless otherwise provided by the Laws of the Republic of Kazakhstan or treaties, each of the co-pledgee independently exercises the rights and obligations of the pledgee within the amount of its claims secured by the pledge.

2. Money proceeded from the sale of the subject of the pledge shall be distributed among co-pledgees who shall be creditors under the main obligation, in proportion to the size of their claims secured by the pledge, unless otherwise provided by the contract between them.

In the event of collection for the pledge, in the event of its non-realization, the pledge shall be transferred to the joint property of the owners in proportion to the size of their claims secured by the pledge, unless otherwise established by the contract between them.

The provisions of this Article shall not apply to subsequent pledge (rescheduling).

Footnote. Paragraph 3 as added by the Article 305-1 in accordance with the Law of the RK dated 02.01.2021 № 399-VI (shall enter into force upon the expiry of ten calendar days after the day of the first official publication).

Article 306. Insuring Pledged Assets

1. An agreement or legislative acts may impose upon the pledge holder the obligation to insure the pledged property transferred to his possession.

Insuring of pledged assets which remain in the use of the pledger shall be imposed upon the latter.

2. In the case of the occurrence of an insurable event, the right to claim the assets pledged in accordance with the insurance agreement shall be acquired by the pledger only in the case of the refusal of the claim by the pledge holder.

When the amount of insurance compensation exceeds the amount of the obligation secured with the pledge, the pledge holder shall be obliged, within three banking days from the moment of its receipt, to transfer the difference to the pledger.

Footnote. Article 306 as amended by Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 307. Contents and the Form of the Pledge Assets

1. A pledge agreement must specify the subject of the pledge, the substance, amount or maximum amount and term of performance of the obligation secured by the pledge. In the event that the pledged property is real estate, the pledge agreement shall specify its assessment.

Movable property and (or) certain categories of movable property (including machinery and inventories) that are the subject of pledge may have a general description of the subject of pledge without the requirement of a specific description of the pledge and without assessment of the subject of pledge.

A pledge agreement must also contain an indication of which party has possession of the pledged property and the admissibility of its use.

The assessment of the pledged property is expressed in tenge and may be determined by agreement of the parties, unless otherwise stipulated by the laws of the Republic of Kazakhstan. Valuation of the pledged item securing the obligation in foreign currency is expressed in tenge and the currency of the obligation at the market exchange rate as of the date of conclusion of the pledge agreement.

2. A pledge agreement must be concluded in writing.

3. Failure to comply with the rules contained in paragraphs 1 and 2 of this Article shall entail the nullity of the pledge agreement.

Footnote. Article 307 is in the wording of the Law of the Republic of Kazakhstan dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar days after its official publication); as amended by the Laws of the Republic of Kazakhstan dated 29.12.2014 № 269-V (shall be enforced from 01.01.2015); dated 22.04.2015 № 308-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 24.05.2018 № 156-VI (shall be enforced upon expiration of ten calendar days after the day of its first official publication).

Article 308. Registration of Pledge

1. Pledge of property which is subject to state registration must be registered with the body which carries out the registration of that property, unless otherwise arises out of this Code.

Pledge of immovable property which is subject to state registration must be registered with the body which carries out the registration of immovable property.

2. The change of the subject of pledge, as well as other changes in cases established by legislative acts of the Republic of Kazakhstan shall be subject to registration.

Changes in the pledge that are not subject to mandatory registration may be registered at the request of the participants.

3. A record concerning the termination of pledge shall be registered when:

1) registering the termination of pledge on the basis of the application of the pledger in view of implementation of the basic obligation;

2) levying of execution on the subject of the pledge in the order, established by the legislative acts of the Republic of Kazakhstan;

3) registering the termination of pledge in view of termination of the pledge agreement;

4) termination of the pledge otherwise, provided by the Article 322 of this Code.

4. A pledger who executed an obligation secured with a pledge shall have the right to claim the annulment of the note of the pledge from the register. Upon the claim of the pledger , the pledge holder shall be obliged to present to the body which carries out the registration the necessary documents and written applications. In the case of failure to execute, or an untimely execution by the pledge holder of those obligations, the pledger shall have the right to claim compensation of losses inflicted on him.

Footnote. Article 308 is in the wording of the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its official publication); as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-

VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 309. Assets to which the Rights of a Pledge Holder Apply

1. Unless it is otherwise stipulated in the agreement or legislative acts, the rights of the pledge holder (the right to pledge) in respect to the object which is pledged object, shall apply to its accessories and inseparable goods.

In the cases stipulated in the contract or legislative acts, the right of pledge may extend to the separable derived benefits, products and incomes received as a result of the use of the pledged property, as well as assets acquired and the assets replaced in the future.

If the subject of the pledge is movable property, the right of pledge extends to the detachable fruits, products and income (including assets acquired in the future and replaced assets) received as a result of its use, unless otherwise provided by the contract.

In this case, the right of pledge applies to the separated fruits, products and income (including assets acquired in the future and replaced assets) only to the extent of the claim, which it does not provide pledged movable property at the time of its actual satisfaction.

2. In the case of mortgage of an enterprise or any other property complex as a whole, the right of pledge shall apply to all the property, both movable and immovable, including the right to claim and exclusive rights, including those acquired during the mortgage, unless it is otherwise stipulated in legislative acts or the agreement.

3. Mortgage of a building or installation shall be allowed only with a simultaneous mortgage through the same agreement of the land plot on which the building or installation is located, or of the part of the plot which is functionally related to the mortgaged facility.

Footnote. Article 309 as amended by the Law of the Republic of Kazakhstan dated 29.12.2014 № 269-V (shall be enforced from 01.01.2015); № 156-VI dated 24.05.2018 (shall be enforced upon the expiration of ten calendar days after the date of its first official publication).

Article 310. The Emergence of the Right to Pledge

1. Unless it is otherwise stipulated in the pledge agreement, the right to pledge shall arise in respect to the property, the pledging of which is subject to registration, - from the moment of the registration of the agreement, and in respect of other property, - from the moment of the transfer of that property to the pledge holder, and where it is not subject to transfer, from the moment of concluding the pledge agreement.

2. The right to pledge goods in circulation shall arise in accordance with the rules of paragraph 2 of Article 327 of this Code.

Article 311. Subsequent Pledge (Re-pledge)

1. When pledged property becomes subject to another pledge to secure any other claims (re-pledge), then the claims of the subsequent pledge holder shall be satisfied from the value of the pledged object after the satisfaction of the claims of previous pledge holders.

2. Re-pledge shall be allowed unless it is prohibited by the previous pledge agreements.

3. The pledger shall be obliged to communicate to each subsequent pledge holder information concerning all the existing pledges of that property and he shall be liable for losses inflicted upon the pledge holders by failure to execute that duty.

Footnote. Article 311 is in the wording of the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211; dated January 12, 2007 № 225 (shall be enforced from the date of its first official publication).

Article 312. Maintenance and Safety of Pledged Assets

1. The pledger or the pledge holder, depending on which of them keeps the pledged property, unless it is otherwise stipulated in legislative acts or the agreement, shall be obliged as follows:

1) to take measures which are required to ensure the safety of pledged property including for its protection from encroachments and claims by third persons;

2) immediately notify the other party of the emergence of a threat of losing or damaging pledged property.

2. The pledge holder and the pledger shall have the right to check against documents and to verify the physical presence, size, status and conditions of storage of pledged assets which are kept by the counter party.

3. In case of a gross violation by the pledge holder of the obligations indicated in paragraph 1 of this Article, which creates the threat of loss or damage to pledged property, the pledger shall have the right to claim a premature termination of the pledge.

Article 313. The Consequences of a Loss or Damage to Pledged Assets

1. A pledger shall bear the risk of an accidental destruction or damage to pledged assets, unless it is otherwise stipulated in the pledge agreement.

2. A pledge holder shall be responsible for a full or partial loss or damage of the pledged object entrusted to him, unless he proves that he may be exempt from the responsibility in accordance with Article 359 of this Code.

3. A pledge holder shall be responsible for the loss of a pledged object in the amount of its actual value, and for any damage to it, - in the amount by which that value was reduced, irrespective of the amount at which the pledged object was evaluated when it was transferred to the pledge holder.

4. If as a result of damage to a pledged object, it has changed so much that it may not be used in accordance with its direct designation, the pledger shall have the right to reject it and to claim compensation for its loss.

5. The agreement may envisage the obligation of the pledge holder to also compensate the pledger for any other losses inflicted by the loss or damage to the pledged object.

6. A pledger who is the debtor in an obligation secured with pledge shall have the right to offset a claim of compensation for losses caused by the loss or damage to the pledged object against the pledge holder, as repayment of the obligation secured with the pledge.

Article 314. Replacement and Restitution of a Pledged Item

1. The replacement of a pledged object shall be allowed with the consent of the pledge holder, unless legislative acts or the agreement stipulate otherwise.

2. When a pledged object is destroyed or damaged, or the right to own or the right of business authority of it ceased on the grounds established by legislative acts, the pledger shall have the right within a reasonable period to restore the pledged object or replace it with any other equally valued asset.

Article 315. Use and Disposal of Pledged Objects

1. A pledger shall have the right, unless it is otherwise stipulated in the agreement and does not ensue from the essence of the pledge, to use the pledged object in accordance with its designation, in particular, to derive produce and income from it.

2. Unless it is otherwise stipulated in legislative acts or the agreement, and does not ensue from the essence of the pledge, the pledger shall have the right to alienate pledged objects into ownership, business authority or operational management, to transfer it into lease or charge-free use to another person, or in any other way dispose of it, only with the approval of the pledge holder.

The agreement limiting the right of the pledger to bequeath the pledged property shall be void.

3. A pledge holder shall have the right to use the pledged object entrusted to him, only in the cases which are stipulated by the agreement, and regularly present to the pledger reports on its use. In accordance with the agreement, the pledge holder may be entrusted with the duty to derive fruit and income from the pledged object for the purpose of repaying the principal obligation or in the interests of the pledger.

Footnote. Article 315 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 316. Protection by a Pledge Holder of His Rights to Pledged Items

1. A pledge holder who held or should have held pledged property, shall have the right to claim it from anybody else's illegal possession including from the pledger himself.

2. In the cases where, in accordance with the agreement, the pledge holder is granted the right to use the pledged object entrusted to him, he may claim from other persons, including from the pledger the elimination of any violations of his right, even though those violations are not related to deprivation of possession.

Article 317. The Grounds of the Imposition of Claims on Pledged Property

1. Claims on pledged property for the satisfaction of claims of the pledge holder (creditor) may be imposed in the case of a failure to execute or improper execution by the debtor of the obligation secured with the pledge for which he is liable.

2. The imposition of a claim on pledged property maybe denied when the violation committed by the debtor of the obligation which is secured with the pledge, is insignificant, and the amount of the claim of the pledge holder as a result of that is clearly disproportionate with the value of the pledged property.

Violation of the obligation secured by the pledge shall be insignificant and the size of the claims of the pledge holder shall be clearly disproportionate to the value of the pledged property, with the simultaneous presence of the following conditions:

1) the amount of the unexecuted obligation (excluding the penalty (fine, fee) shall be less than ten percent of the value of the pledged property determined by the parties in the pledge agreement;

2) the period for the delay in performance of the obligation secured by the pledge shall be less than three months.

Violation of the obligation secured on mortgage loans secured by housing of an individual and not related to entrepreneurial activity is insignificant the size of the claims of the pledge holder is clearly disproportionate to the value of the pledged property, with the simultaneous presence of the following conditions:

1) the amount of the unexecuted obligation (excluding the penalty (fine, fee) shall be less than fifteen percent of the value of the pledged property determined by the parties in the pledge agreement;

2) the period for the delay in performance of the obligation secured by the pledge shall be less than six months.

Footnote. Article 317 as amended by the Law of the Republic of Kazakhstan dated 17.07.2015 № 333-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 31.12.2021 № 100 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 318. The Procedure for the Imposition of Claims on Pledged Items

1. Satisfaction of a claim of a pledger out of the value of pledged property shall be carried out in accordance with the judicial procedure, unless it is otherwise stipulated in this Code or other legislative acts or the agreement.

2. In cases stipulated by the Pledge Agreement, as well as the present Code and other legislative acts, the Pledgee shall be entitled to independently dispose of the property pledged as collateral out of court by holding auctions (auctions). The same right shall be vested in the pledgee bank for the sale of the pledged object, securing the monetary loan. Extrajudicial sale of pledged immovable property is not allowed in cases stipulated by the legislative act of the Republic of Kazakhstan on mortgage of immovable property.

Peculiarities of foreclosure on the subject of pledge, which is a security for the loan within the framework of measures to ensure the stability of the financial system, are established by the laws of the Republic of Kazakhstan.

Footnote. Article 318 as amended by the Law of the Republic of Kazakhstan dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar days after its official publication); dated 02.07.2018 № 168-VI (for the procedure of implementation, see Art. 2).

Article 319. Sale of Pledged Property

1. The sale of pledged property upon which in accordance with Article 20 of this Code a claim is imposed, shall be carried out by way of selling through public auctions in accordance with the procedure which is established by the procedural legislation, unless legislative acts stipulate any other procedure.

1-1. In the pledge of money and rights (requirements) on the money liabilities, the selling of that pledged property shall be conducted by way of transferring of money to the pledge holder, which is the subject of the pledge or which is owed to the pledged rights (requirements) for the money liabilities, and when the transfer of money at the moment of levying of execution for the subject of pledge is impossible - by way of transferring to the pledge holder of the right of the pledger for the subject of pledge.

If a sum of money, which is the subject of the pledge or which is owed to the pledged rights (requirements) for the money liabilities, exceeds the size of the requirement of the pledge holder secured by pledge, the margin shall be returned to the pledger. If a sum of money is insufficient to cover the requirements of the pledger, he shall have the right, in the absence of another instruction in the legislative acts or in the agreement, to take the deficit from the other property of the debtor, without using the advantage, based on the pledge.

2. The peculiarities of extrajudicial sale of pledged property are established by the present Code and the Law on Mortgages of Real Estate. Rules and procedures established by the Law on Real Estate Mortgage for the purpose of selling mortgages shall apply to the sale of property in the course of the execution of other types of pledge, unless otherwise stipulated by this Code.

3. Upon the request of the pledger, the court shall have the right to postpone the same in the public auction in the decision on foreclosure on the pledged property, for a period of up to one year for the pledged property of individuals and for a period of up to one month for the pledged property of legal entities. The postponement shall not affect the rights and obligations of the parties to the obligation secured by the pledge of this property, and shall not release the debtor from reimbursement of the losses of the creditor that have increased during the postponement and the penalty amounts.

4. Unless otherwise provided by the legislative acts of the Republic of Kazakhstan, any legal entities and citizens, including the mortgagor and pledge holder, shall have the right to participate in the auction.

Prior to the beginning of the auction, the court or any nominated person (Article 320 of this Code) shall have the right to require the payment of a guarantee contribution from each of the participants in the auction. The guarantee contributions shall be subject to refund after the auction. A guarantee contribution by a participant who won the auction shall be included in the amount of the final price. A guarantee contribution of a participant who won the auction but who did not pay the final price shall not be refunded and it shall remain at the disposal of the court or the nominated person.

5. When a tender is declared unsuccessful due to the participation of less than two buyers, the mortgagee is entitled to either turn the pledged property into its ownership at its current appraised value established by a court decision or by a trustee on the basis of the appraisal report prepared by the appraiser, or demand the appointment of new tenders.

6. When the amount which is received from selling pledged property is insufficient to cover the claims of the pledge holder, he shall have the right, in the absence of another indication in the legislative acts or agreement, to receive the amount of arrears from other property of the debtor without using the advantages based on the pledge.

When the amount received in selling pledged property exceeds the amount of the claim of the pledge holder, secured with the pledge, the difference shall be returned to the pledger.

7. The debtor and the pledger who is a third party (collateral guarantor) shall have the right at any time before the sale of the subject of the pledge to terminate the foreclosure and its implementation, having executed the obligation secured by the pledge or that part thereof whose execution is overdue. An agreement restricting this right shall be void.

Footnote. Article 319 as amended by the Laws of the Republic of Kazakhstan dated 08.11.2000 № 96, dated 12.01.2007 № 225 (shall be enforced from the day of its official publication), dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 10.01.2018 № 134-VI (shall be enforced upon the expiration of six months after the date of its first official publication); dated 02.07.2018 № 168-VI (shall be enforced upon the

expiration of ten calendar days after the date of its first official publication); dated 31.12.2021 № 100 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 320. Sale of the Pledged Property in a Compulsory Non-judicial Procedure

1. When disposing a pledged property in a compulsory non-judicial procedure, the auction shall be carried out by the nominated person, who may be a legal entity or a citizen who has the power of attorney from the pledge holder, to sell the pledged property in the case of violation of the obligation secured with the pledge.

2. The nominated person shall carry out the following procedure:

1) compile notification to the pledger of the non-execution of the obligations and register it at the body where the pledge agreement was registered;

2) in the case where the claims which ensue from the notice are not satisfied, but not earlier than two months after the moment of its dispatch to the pledger, compile the notice of auction of the pledged property, register it with the body where the pledge agreement was registered, and hand it to pledger;

3) officially publish the announcement of the auction in the local press.

Footnote. Article 320 as amended by the Laws of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its official publication).

Article 321. Premature Execution of an Obligation which is Secured with the Pledge and the Imposition of a Claim upon the Pledged Property

1. A pledge holder shall have the right to claim a premature execution of obligations secured with pledge in the following cases:

1) when the pledged object went out of possession of the pledger with whom it was left not in accordance with the provisions of the pledge agreement;

2) violation by the pledger of the rules for the replacement of pledged property (Article 314 of this Code);

3) the loss of the pledged object under the circumstances for which the pledge holder is not responsible (paragraph 2 of Article 313 of this Code), unless the pledger exercises the right stipulated in paragraph 2 of Article 314 of this Code.

4) addressing the levy concerning the pledge in order to fulfill obligations of the pledger on enforcement documents to the third persons, not having advantages in the requirements of the pledge holder, if the pledger hasn’t any other property.

2. A pledge holder shall have the right to claim a premature execution of the obligation secured with pledge, and if his claim is not satisfied, to impose the claim upon the pledged object in the following cases:

1) violation by the pledger of the rules concerning subsequent pledge;

2) non-execution by the pledger of the obligations stipulated in sub-paragraphs 1 and 2 of paragraph 1 and paragraph 2 of Article 312 of this Code;

3) violation by the pledger of the rules for disposal of pledged property (paragraph 2 of Article 315 of this Code).

4) violation by the pledger of the obligation secured by a pledge (Articles 317, 720 and 722 of this Code, Article 20 of the Law of the Republic of Kazakhstan dated December 23, 1995 "On immovable property mortgage").

Footnote. Article 321 as amended by the Law of the Republic of Kazakhstan dated 02.04.2010 № 262-IV (shall be enforced from 21.10.2010); dated 17.07.2015 № 333-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 322. Cessation of Pledge

1. Pledge shall cease as follows:

1) with the cessation of the obligation secured with pledge;

2) upon the claim of the pledger, where the grounds exist which are stipulated in paragraph 3 of Article 312 of this Code;

3) in the case of destruction of a pledged object or cessation of the pledged right, unless the pledger failed to exercise the right stipulated in paragraph 2 of Article 314 of this Code;

4) in the case of selling pledged property through a public auction and also in the event that its sale turned out to be impossible (Article 319 of this Code).

2. A note must be made on the cessation of pledge in the register in which the pledge agreement was registered.

3. In cessation of pledge as a result of the execution of the obligation secured with the pledge, or by demand of the pledger (paragraph 3 of Article 312 of this Code), the pledge holder who holds pledged property shall be obliged to immediately return it to the pledger.

Article 323. Preservation of Pledge in the Transfer of the Right to Pledged Property to Another Property in the Procedure of Legal Successorship

1. In the case of a transfer of the right to own pledged property or the economic management over it, from the pledger to any other person as result of a chargeable or charge-free alienation of that property, or in the procedure of the universal legal successorship , the right of pledge shall remain valid.

The legal successor of a pledger shall take the place of the pledger, and he shall bear all the obligations of the pledger, unless the agreement with the pledge holder stipulates otherwise.

2. When the assets of a pledger, which are the pledged objects are transferred in accordance with the procedure of legal successorship to several persons, then each of the

legal successors (acquirers of the property) shall bear the consequences of non-execution of the obligation secured with pledge, which ensue from the pledge in proportion to the part of the property which was acquired by him. However, where a pledged object is indivisible or for any other reasons remains in common joint ownership of legal successors, they shall become joint pledgers.

Article 324. The Consequences of Compulsory Withdrawal of Pledged Property

1. When the pledger's right to own the property which is the pledged property ceases upon the grounds and in accordance with the procedure stipulated in legislative acts, as a result of withdrawal (purchase) for state needs, requisition or nationalization, and the pledger is granted other property or appropriate compensation, the right to pledge shall apply to the property granted instead, or where appropriate, the pledge holder shall acquire the right of priority satisfaction of his claims out of the amount of the remuneration which is due to the pledger. A pledge holder may also require premature execution of the obligation which is secured with pledge (paragraph 1 of Article 321 of this Code).

2. In cases when the property being the subject of the pledge shall be withdrawn from the pledger in accordance with the procedure established by legislative acts on the grounds that in reality the owner of this property is another person or as a sanction for committing an administrative or criminal offense, a pledge in respect of this property shall be terminated. In these cases, the pledge holder shall have the right to demand early performance of the obligation secured by the pledge.

Footnote. Article 324 as amended by the Law of the Republic of Kazakhstan dated 03.07.2014 № 227-V (shall be enforced from 01.01.2015).

Article 325. Assignment of Rights in a Pledge Agreement

1. A pledge holder shall have the right to assign his rights in a pledge agreement to another person, in compliance with the rules for conveyance of rights of a creditor by way of assigning a claim (Articles 339 - 347 of this Code).

2. The assignment by a pledge holder of his rights in a pledge agreement to any other person shall be valid, provided the rights to claim the principal obligations secured with the pledge, from the debtor, are assigned to the same person.

3. *(Is excluded)*

Footnote. Article 325 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 326. Transfer of Debt in an Obligation Secured with Pledge

Pledge shall terminate with the transfer to another person of the debt under an obligation secured with pledge, if the pledger have not given his approval to the creditor to be liable for the new debtor.

Article 327. Pledge of Goods in Circulation

1. A pledge of goods in circulation shall be the pledge of goods with their leaving at the pledger and granting the right to the pledger to change composition and natural form of the pledged property (commodity stocks, raw materials, materials, semi-finished products, finished products, etc.).

2. The goods in circulation which are alienated by the pledger shall cease to be subject to pledge from the moment of their transfer into the ownership, business authority or operational management of the buyer, while the goods purchased by the pledger, which are indicated in the pledge agreement shall become the pledged object from the moment of the acquisition by the pledger of the right of ownership or business authority over them.

3. By agreement of the parties, the pledge agreement may stipulate that the total value of the pledge of goods in circulation shall not become less than the value specified in the pledge agreement.

Reduction of the value of pledged goods in circulation shall be allowed in proportion to the part of the obligation secured by the pledge, unless otherwise stipulated by the agreement.

4. In case of violation by the pledgor of the terms of pledge of goods in circulation, the pledgee shall have the right to suspend operations with pledged goods by imposing its signs until the violation is eliminated.

Footnote. Article 327 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 24.05.2018 № 156-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication); dated 02.04.2019 № 241-VI (shall be enforced upon the expiration of ten calendar days after the day of its first official publication).

Article 328. Pledging items in a pawnshop

1. Acceptance from citizens of movable assets which are intended for personal use to secure short-term loans, may be carried out as an entrepreneurial activity by the legal entities, registered as the pawnshops, whose activity shall be regulated by the legislation of the Republic of Kazakhstan on microfinance activity.

2. An agreement on pledging objects in a pawnshop shall be documented through the pawnshop's issuing a pledge ticket and may contain the requirement to insure the pledged assets, as well as the consent of the pledgor to the extrajudicial sale of the subject of pledge. The insurance of the pledged assets shall be carried out at the expense of the pawnshop.

2-1. An agreement on pledging objects in a pawnshop shall be terminated due to the sale of the subject of pledge or transfer of such property to the ownership of the mortgagee.

Upon sale of the pledged asset, as well as transfer of such asset into the ownership of the pledgee, simultaneously with termination of agreement on pledging objects in pawnshop, the obligation of the borrower, who is also the pledger, and agreement on provision of microcredit shall be terminated.

The sale of the subject of the pledge, as well as the transfer of such property to the property of the mortgagee under the agreement on the pledge of things in the pawnshop, concluded to secure the execution of the microcredit agreement, with the exception of property, the pledge of which is subject to compulsory registration, can be made without bidding no earlier than one month after the expiration of the term of repayment of the microcredit, provided that there is such a condition in the agreement on the pledge of things in the pawnshop.

The implementation of the subject of the pledge subject to compulsory registration shall be carried out by public bidding no earlier than one month after the expiration of the term of repayment of the microcredit. In case of non-fulfillment of the pledge subject to compulsory registration at public bidding within sixty calendar days from the date of the beginning of bidding, the pledge subject is transferred to the ownership of the pawn shop.

The sale of the subject of the pledge, as well as the transfer of such property to the property of the pledgee under the agreement on the pledge of things in a pawnshop concluded in order to ensure the execution of the agreement on the provision of microcredit, shall not be allowed during the period of consideration by the pledgee of the borrower's appeal for the settlement of debts in the order established by the Law of the Republic of Kazakhstan "On microfinance activities".

3. A pawnshop shall not have the right to use and dispose of pledged objects.

4. The pawnshop shall bear responsibility for loss and damage to pledged objects, unless it proves that the loss or damage occurred as a result of force majeure.

5. Excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

6. The provisions of an agreement to pledge objects in a pawnshop, which restrict the rights of the pledger as compared to the rights which are granted to him by this Code and the appropriate legislative act, shall be invalid from the moment of the conclusion of the agreement. Relevant provisions of this ?ode shall apply instead of such conditions.

7. Excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Footnote. Article 328 as amended by the Laws of the Republic of Kazakhstan dated March 2, 1998 № 211; dated March 2, 2001 № 162; is in the wording- dated December 23, 2005 № 107 (the order of enforcement see Art. 2 of the Law № 107); dated 02.08.2015 № 343-V (shall be enforced from 01.04.2016); № 217-VI dated 21.01.2019 (shall be enforce

upon expiration of ten calendar days after the day of its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (shall enter into force from 01.01.2021); dated 24.05.2021 № 43-VII (shall enter into force from 01.10.2021).

Paragraph 4. Guarantees and Sureties

Footnote. Paragraph 4 is in the wording of the Law of the Republic of Kazakhstan dated July 11, 1997 № 154.

Article 329. Guarantee

1. By virtue of a guarantee the guarantor shall become liable to the creditor of another person (debtor) severally in full or in part for the execution of obligations of that person, except for the cases provided for by legislative acts.

2. Persons who jointly issued a guarantee shall be liable to the creditor severally, unless it is otherwise stipulated in the guarantee agreement.

3. A guarantee agreement may be entered into also in order to secure an obligation which will emerge in the future.

Article 330. Surety

By virtue of a surety, the holder of the surety assumes the obligation before the creditor of any other person (debtor) to be liable severally for the execution of that person's obligation in full or in part.

Article 331. Grounds and Forms of Guarantees and Sureties

1. A guarantee and a surety shall arise on the basis of surety or guarantee agreements. Application of guarantees may be established by legislation.

2. Guarantee or surety agreements must be concluded in writing. Failure to comply with the written form shall entail the nullity of the guarantee or surety agreement.

3. The written form of guarantee or surety agreements shall be deemed to be complied with, provided the guarantor or surety notified in writing the creditor of his liability for the execution of the obligation by the debtor, and the creditor did not refuse the proposal of the guarantor or surety during the period of time which is reasonably required for such a refusal.

4. Second-tier banks may carry out issuing of banking guarantees and sureties on the basis of the licenses from the authorized body in accordance with the rules of this Code and subject to the requirements of the regulatory legal acts of the authorized body which regulate the procedure for conducting specified transactions.

Issuing of bank guarantees and by the second-tier banks without observing the regulations of this Code and without incorporating the requirements of the normative legal acts of the authorized body shall entail their invalidity.

Footnote. As amended by the Laws of the Republic of Kazakhstan dated March 2, 2001 № 162, dated July 10, 2003 № 483 (shall be enforced from January 1, 2004), dated January 12, 2007 № 225 (shall be enforced from the day of its official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 332. Liabilities of Guarantors and Sureties

1. Unless it is otherwise established by the agreement, a guarantee or a surety shall secure only valid claims. A guarantor and a surety shall not be released from their liability if they assumed the liability for a debtor whose incompetence had been previously been known to them, while the creditor had no knowledge of that circumstance.

2. The guarantor shall be liable to the creditor within the same volume as the debtor, including payment of damages, remuneration (interest), court expenses associated with the levying of the debt and other costs of the creditor incurred by the failure to execute the obligation or its improper execution by the debtor, unless it is otherwise established in the guarantee agreement.

3. The surety shall be liable before the creditor within the amount as indicated in the surety agreement, unless it is otherwise stipulated by its terms. Prior to presenting any claims to the surety who bears several liability, the creditor shall take reasonable measures to make the debtor satisfy this claim, particularly by offsetting a counter claim and by imposing claims upon the debtors property in accordance with the established procedure.

Article 333. The Rights and Obligations of a Guarantor in the event that the Creditor Files a Claim against Him

1. A guarantor, prior to satisfying a creditors claim, shall be obliged to notify the debtor of it, and in the event that an action is filed against the guarantor, he shall hold the debtor as a party to the action. If contrary is the case, the debtor shall have the right to present all objections, which he had against the creditor, against the guarantors recourse.

2. A guarantor shall have the right to make objections against the creditor's claims which may be presented by the debtor, unless it otherwise ensues from the guarantee agreement. The guarantor shall not lose the right to those objections even in the case where the debtor refused them, or recognized his debt.

Article 334. The Rights of a Guarantor and a Surety Who Executed Obligations

1. The guarantor who executed the obligation shall acquire all the rights of the creditor under that obligation, and the rights which belonged to the creditor as pledge holder, in the amount in which the guarantor satisfied the claims of the creditor. The guarantor shall also have the right to claim from the debtor the payment of damages and interest (remuneration) in the amount paid to the creditor, and reimbursement of other losses incurred in connection with the liability for the debtor.

2. In the execution by the guarantor of an obligation, the creditor shall be obliged to hand to the guarantor the documents which certify the claim against the debtor and to convey the rights which provide for that claim.

3. The rules which are established in paragraphs 1 and 2 of this Article shall apply, unless it is otherwise stipulated by legislation, or in the agreement of the guarantor with the debtor or ensues from the relations between them.

4. A surety shall acquire the same rights in the part as he executed the obligation of the debtor to the creditor.

Article 335. Notice to the Guarantors and Surety on the Execution of an Obligation by the Debtor

A debtor who executed an obligation secured with a guarantee or a surety shall be obliged to immediately notify the guarantor or the surety of that. If the contrary is the case, the guarantor or the surety, who in their turn executed the obligation, shall have the right to claim from creditor what he received undeservedly, or to file a regress claim against the debtor. If the latter is the case, the debtor shall have the right to claim from the creditor only the amount which was received undeservedly.

Article 336. Termination of a Guarantee and Suretyship

1. Guarantee and surety shall be terminated with the termination of the obligation secured by it, unless the agreement provides for other cases of termination of the guarantee, as well as in the event of a change in this obligation entailing an increase in liability or other adverse consequences for the guardian and the guarantor, without the consent of the latter.

2. A guarantee and a surety shall terminate upon transferring to another person the debt secured by the guarantee or surety, unless the guarantor or surety have given to the creditor their consent to be liable for the new debtor.

3. A guarantee and a surety shall terminate if upon the date of execution of the obligation secured by it, the creditor has declined to accept a proper execution as offered by the debtor, or the guarantor, and surety.

4. A guarantee and a surety shall terminate upon expiry of their effective term for which they were issued, as indicated in the guarantee or surety agreement. If such term is not specified, they shall terminate, unless the creditor files a claim against the guarantor or surety within one year from the date of execution of an obligation secured by the guarantee or surety

. Where the term for the execution of the principal obligation is not indicated nor may it be defined, or where it is defined as the moment of calling, the guarantee or the surety shall terminate, unless the creditor files an action against the guarantor or surety within two years from the date of entering into the guarantee or surety agreement, unless it is otherwise stipulated in legislative acts.

Footnote. Article 336 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Paragraph 5. Advance Payment

Article 337. The Definition of Advanced Payment. The Form of the Advance Payment Agreement

1. A sum of money which is issued by one of the parties to an agreement, at the expense of the payments, which are due by it in accordance with the agreement, to the other party and in order to secure the conclusion and the execution of the agreement, shall be recognized as an advance payment.

2. A deposit agreement, regardless of the deposit amount, must be concluded in writing. This rule applies also in the case when the main obligation must be notarized. Non-compliance with the written form shall entail the nullity of the deposit agreement.

Footnote. Article 337 as amended by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 338. The Consequences of the Termination and the Failure to Execute an Obligation Secured with an Advance Payment

1. In terminating an obligation prior to the beginning of its execution, by agreement of the parties, or as a consequence of impossibility to execute it, which emerged without their guilt, the advance payment must be returned.

2. When the failure to execute an obligation is the responsibility of a party which issued the advance payment, it shall remain with the other party, and if the party which received the advance payment is the guilty party, it shall be obliged to pay to the other party a double amount of the advance payment. Moreover, the party which is responsible for the failure to execute the obligation shall be obliged to compensate to the other party the losses, taking into account the amount of the advance payment, unless it is otherwise stipulated in the agreement .

Paragraph 6. Withholding

Footnote. The Code is supplemented with the paragraph 6 by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 338-1. General Provision on Withholding

1. On default by the debtor of the obligations in time or of reimbursement of costs connected with it to the creditor, a creditor, who have an object, which is subject to transfer to the debtor or the person, indicated by the debtor, shall have the right to withhold it, until appropriate obligation would not be discharged.

The requirements, which are not related to the payment of the object or to the reimbursement of its costs and of other losses, but which are originated from the obligation, which parties act as the entrepreneurs, may be provided by the withholding.

2. A creditor may withhold an object, which is in his possession, whereas after that the object got possession of the creditor that the right to it had been obtained by the third person.

3. The rules of this Article shall be applied, unless otherwise provided by the agreement.

Article 338-2. Satisfaction of Requirements at the expense of Withholding Property

The requirements of the creditor withholding an object, shall be satisfied from its cost in the value and the order, provided for the satisfaction of requirements secured by pledge.

Paragraph 7. Guarantee Fee

Footnote. Chapter 18 is supplemented with the paragraph 7 by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 338-3. Notion of the Guarantee Fee

1. Sum of money transferring by the payer of the guarantee fee to the recipient of the guarantee fee as a security of satisfaction of the agreement obligations during deal-making process or conducting another obligation, shall be recognized as the guarantee fee.

2. Obligation to pay for the guarantee fee shall arise in the cases provided by the legislative acts. Obligation to pay for the guarantee fee shall also arises by virtue of agreement of the parties.

Article 338-4. Consequences of Nonfulfillment, Termination or Fulfillment of an Obligation Secured by the Guarantee Fee

1. On default of obligation secured by the guarantee fee due to the fault of the payer of the guarantee fee, the fee shall fall to another party.

2. On default of obligation secured by the guarantee fee due to the fault of recipient of guarantee fee or in case of termination of such obligation upon mutual agreement of the parties or by virtue of impossibility of fulfillment, the guarantee fee occurred without their fault shall be repayable.

3. When concluding an agreement or fulfilling another obligation, secured by the guarantee fee, the sum of the guarantee fee shall be deemed to have been received on account of fee, which is owed to the recipient of guarantee fee from another party by the concluded agreement or another obligation secured by the guarantee fee, unless otherwise provided by this Code, by another legislative acts, by the agreement of the parties or unless the subject of the obligation otherwise requires.

Section 8. Security deposit

Footnote. Chapter 18 shall be supplemented by paragraph 8 in accordance with the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall be enforced sixty calendar days after the date of its first official publication).

Article 338-5. The concept of a security deposit

A monetary obligation, including the obligation to compensate for losses or pay a penalty in the event of a breach of the contract, by consent of the parties can be secured by transfer of one of the parties to the ownership of the other party of a certain amount of money (security deposit).

The security deposit may secure an obligation that will arise in the future.

Article 338-6. Fulfillment of an obligation by a security deposit

1. Upon occurrence of the circumstances stipulated by the contract, the security deposit amount shall be credited against fulfillment of the relevant obligation.

2. If the circumstances referred to in paragraph 1 of this article do not occur within the time stipulated by the contract, or if the secured obligation is terminated, the security deposit shall be returned to the ownership of the person who had previously provided the security fee, unless otherwise provided by the contract.

3. The contract may provide for the obligation of the respective party to additionally pay or partially return the security deposit upon occurrence of certain circumstances.

4. No remuneration (interest) shall be charged on the security deposit amount, unless otherwise provided by the laws of the Republic of Kazakhstan or the contract.

5. The rules on the security deposit shall also apply in cases where securities, other financial instruments and (or) things defined by generic characteristics are transferred into ownership against security.

Chapter 19. Replacing Persons in An Obligation

Article 339. The Grounds and Procedure for the Conveyance of the Rights of the Creditor to Any Other Person

1. Any right (claim) which belongs to the creditor on the basis of an obligation may be transferred by him to another person in a transaction (assignment of the claim) or transferred to any other person on the basis of a legislative act.

The rules for the conveyance of creditors rights to any other persons shall not apply to regress claims.

2. For the conveyance to any other person of the rights of a creditor, the consent of the debtor shall not be required, unless it is otherwise stipulated in legislative acts or the agreement.

3. If a debtor is not notified in writing of the conveyance of the creditor's rights to another person, which took place, the new creditor shall bear the risk of negative consequences for him caused by that. In that case, the execution of the obligation to the initial creditor shall be recognized as the execution to the proper creditor.

4. Special considerations in the re-assignment of the right to claim under certains of obligations may be established by legislative acts.

Footnote. Article 339 is supplemented with paragraph 4 by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 340. The Rights Which may not be Transferred to Any Other Person

Transfer of the rights to another person, which are inseparably associated with the person of a creditor, in particular, the claims of alimony and of compensation of damage caused to life or health, shall not be permitted.

Article 341. The Volume of the Rights of the Creditors which are Transferred to Another Person

Unless it is otherwise stipulated in legislative or the agreement, the right of the initial creditor shall be transferred to the new creditor in the same volume and on the same terms which existed at the moment of the conveyance of the right. In particular, the rights shall be conveyed to the new creditor, which secure the execution of the obligation, and also any other rights which are related to the right to claim, including the right to remuneration (interest) not received.

Footnote. Article 341 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154.

Article 342. Proofs of the Rights of a New Creditor

1. A debtor shall have the right not to execute obligations to the new creditor until he is presented with the proofs of the transfer of the claim to that person.

2. A creditor who assigned a claim to any other person shall be obliged to transfer to him the documents which certify the right to that claim and to communicate the information which has significance for the exercise of the claim.

Article 343. Objections of the Debtor Against the Claims of a New Creditor

A debtor shall have the right to put forward against the claims of the new creditor, the objections which he had against the initial creditor prior to the moment of receipt of the notice of conveyance of the rights associated with the obligation to the new creditor.

Article 344. The Transfer of the Rights of a Creditor to Another Person on the basis of Legislative Acts

The rights of a creditor under an obligation shall be transferred to another person on the basis of legislative acts, and when the circumstances take place which are indicated follows:

1) as a result of the universal legal successorship in the rights of the creditor;

2) upon decision of the court on the transfer of the rights of the creditor to another person where the possibility of such transfer is stipulated in legislative acts;

3) consequential to execution of an obligation by its guarantor, surety or pledger, who is not a debtor, with regard to that obligation;

4) in the subrogation to the insurer of the rights of the creditor to the debtor who is guilty for the occurrence of the insurable event.

5) in other cases stipulated in legislative acts.

Footnote. Article 344 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 345. The Terms for Assignment of a Claim

1. Assignment of a claim by a creditor to another person shall be allowed, unless it contradicts legislation or the agreement.

2. It shall not be allowed to assign claims under an obligation in which the person of the creditor is important for the debtor, without the approval of the debtor.

Article 346. The Form of Assignment of a Claim

1. Assignment of a claim which is based on a transaction committed in a written (simple or notarized) form, must be committed in appropriate written form.

2. The assignment of a claim associated with a transaction which requires the state registration, must be registered in accordance with the procedure stipulated for the registration of that transaction.

3. The assignment of a claim associated with an order security shall be committed by way of a note on that security (paragraph 3 of Article 132 of this Code).

Article 347. The Responsibility of a Creditor Who Assigned a Claim

The initial creditor who assigned a claim shall be liable to the new creditor for the invalidity of the claim transferred to him, but he shall not be liable for the non-execution of that claim by the debtor, except for the case where the initial creditor assumed upon himself the surety of the debtor before the new creditor, as well as, unless otherwise provided by this Code or by the agreement.

Footnote. Article 347 as amended by the Law of the Republic of Kazakhstan dated June 3, 2003 № 426.

Article 348. Transfer of a Debt

1. The transfer by a debtor of his debt to another person shall be allowed only with the consent of the creditor.

2. A new debtor shall have the right to make objections against the claims of the creditor, which are based on the relations between the creditor and the initial debtor.

3. The rules which are contained in paragraphs 1 and 2 of Article 346 of this Code shall accordingly apply to the form of the transfer of the debt.

4. Special considerations in the transfer of debts under certains of obligations may be established by legislative acts.

Footnote. Article 348 is supplemented with the paragraph 4 by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Chapter 20. The Liability for Violation of an Obligation

Article 349. The Definition of Violation of an Obligation

1. The failure to execute or execution in an improper manner (untimely, with shortage of goods and work, with violating any other conditions determined in the contents of the obligation), - improper execution, shall be understood to be a violation of the obligations. In the event that the impossibility of proper execution arises, the debtor shall be obliged to immediately notify the creditor thereof.

2. The holding of the debtor responsible for the violation of an obligation shall be carried out upon the claim of the creditor.

Article 350. Compensation of Losses that are caused by the Violation of an Obligation

1. A debtor who violated an obligation shall be obliged to compensate the creditor for any losses caused by the violation (paragraph 4 of Article 9 of this Code). Compensation of losses for obligations which are secured with a forfeit shall be determined by the rules which are stipulated in Article 351 of this Code.

2. An agreement of the parties to release the debtor from compensation for damages caused by the violation, taken before the breach of the obligation, shall be void, however, by mutual agreement the parties may provide for recovery of only real damage in the property.

3. Unless it is otherwise stipulated in legislation or agreement, when determining losses, the prices shall be taken into account which existed in that place where the obligation should have been executed, on the date of a voluntary satisfaction by the debtor of the claim of the creditor, and if the claim was not satisfied voluntarily,- on the date of the filing of the action. On the basis of the circumstances, the court may satisfy the claim to compensate the losses, taking into account the prices which existed on the date of passing the decision, or on the date of the actual payment.

4. When determining the amount of lost profits, the measures shall be taken into account which are adopted by the creditor for its receipt and the preparations made for that purpose.

5. A creditor shall have the right to require the recognition as invalid of any acts of the debtor, as well as the owner of his property, provided he proves that it was performed for the purpose of evading the liability for the violation of an obligation.

Footnote. Article 350 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211; dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 351. Losses and Forfeit

1. When a forfeit is established for a failure to execute, or for improper execution of an obligation, then the losses shall be compensated for the part which is not covered by the forfeit. Legislation or the agreement may stipulate the cases: where it is permitted to claim only forfeit. but not losses; where losses may be levied in full amount in addition to damages; and where at the discretion of the creditor either damages or losses may be claimed.

Legislative acts of the Republic of Kazakhstan or the contract may provide for the cases: when losses may be recovered in full amount in excess of the penalty; when at the choice of the creditor either a penalty or losses may be recovered.

Cases, in which, a penalty only may be established for failure to perform or improper performance of an obligation, shall be determined by legislative acts of the Republic of Kazakhstan.

2. In the cases where for failure to execute or improper execution of an obligation a limited liability is established, the losses which are subject to compensation in the part which is not covered by the forfeit. or in addition to it or instead of it, may be claimed up to the limits established by such limitation.

Footnote. Article 351 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 352. Compensation of Moral Losses Inflicted by vViolation of an Obligation

Moral losses caused by violation of an obligation shall be compensated in addition of the losses stipulated in Article 350 of this Code.

Article 353. The Liability for Unlawful Use of Somebody's Funds

1. For improper use of other people's money as a result of failure to fulfill a monetary obligation or delay in their payment, or their unreasonable receipt or savings at the expense of another person, a penalty shall be payable. The amount of the penalty shall be calculated based on the base rate of the National Bank of the Republic of Kazakhstan on the day of execution of the monetary obligation or its corresponding part. When collecting the debt in court, the court may satisfy the creditor's demand based on the base rate of the National Bank of the Republic of Kazakhstan on the day of the claim or on the day of the decision, or on the day of the actual payment at the choice of the creditor. These rules shall apply if a different amount of penalty is not established by legislative acts or agreement.

2. Damages for using somebody else's funds shall be assessed including the date of the payment of those funds to the creditor, unless legislation or agreement provide an alternative procedure for the assessment of the forfeit.

3. When losses inflicted upon a creditor by unlawful use of his funds exceed the amount of the forfeit, owing to him on the basis of paragraph 1 of this Article, he shall have the right to claim from the debtor the reimbursement of the losses inasmuch as they exceed that amount.

Footnote. Article 353 is in the wording of the Law the Republic of Kazakhstan dated July 11, 1997 № 154. Article as amended by the Law the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication); dated 02.01.2021 № 399-VI (shall enter into force from 01.01.2021).

Article 354. The Liability and Execution of an Obligation in kind

1. Payment of the forfeit. and compensation of losses in the cases of improper execution of an obligation, shall not exempt the debtor from the execution of the obligation, unless it is otherwise stipulated in legislative acts or agreement.

2. Compensation of losses in case of failure to execute an obligation and payment of the forfeit. for failure to execute it shall exempt the debtor from the execution of the obligation in kind, unless it is otherwise stipulated in legislative acts or the agreement.

3. The refusal of a creditor to accept execution, which as a result of a delay lost interest for him (Article 365 of this Code), and also payment of a monetary sum which is established as smart money (Article 369 of this Code) shall release the debtor from the execution of the obligation in kind.

Footnote. Article 354 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 355. The Consequences of Non-execution of an Obligation to Transfer an Individually Defined Item

1. In the case of failure to execute the obligation to transfer an individually defined item into ownership, business authority or operational management or for the use to the creditor, the latter shall have the right to claim the confiscation of that item from the debtor and its transfer to the creditor, except for the cases where a third party has a priority right to that item .

2. The transfer of the item shall not exempt the debtor from the compensation of losses.

Article 356. Execution of an Obligation at the Expense of the Debtor

In the case of failure by the debtor to execute an obligation to manufacture and transfer an item to the creditor, or to perform for him certain work or render a service, the creditor shall have the right within a reasonable period to delegate the execution of the obligation to third persons for a reasonable price or to execute it himself, unless it otherwise ensues from legislation, agreement or the essence of the obligation, and to claim from the debtor compensation for the necessary expenses and any other losses incurred.

Article 357. Subsidiary Liability

1. Prior to the presentation of a claim to the person who in accordance with legislation or conditions of an obligation bears a liability in addition to the liability of another person who is the principal debtor (subsidiary liability), the creditor must present the claim to the principal debtor.

When the principal debtor refuses to satisfy or fails to execute fully the claim of the creditor, or the creditor has not received from him within a reasonable period the response to the claim presented, that claim, inasmuch of it as has not been executed) may not be presented to the person who bears the several liability.

2. A creditor shall not have the right to claim satisfaction of his claim to the principal debtor from the person who bears subsidiary liability where such a claim may be satisfied by way of offsetting a counter claim to the principal debtor (Article 370 of this Code)

3. A person who bears several liability must, prior to the satisfaction of the claim which is presented to him by the creditor, notify the principal debtor accordingly, and if a claim is filed against such person, to bring the principal debtor into participation in the case.

If contrary is the case, the principal debtor shall have the right to issue against the regress claim of the person who is liable severally, the objections which he had against the creditor.

Footnote. Article 357 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 358. Limiting the Amount of Liability in Obligations

1. In certains of obligations and in obligations which are associated with certains of activities, legislative acts may limit the right to full compensation of losses (limited liability).

2. An agreement on limiting the amount of the debtor's liability under the contract of accession or another contract in which the creditor is a citizen acting as a consumer shall be void if the amount of liability for this type of obligation or for the violation is determined by law.

Footnote. Article 358 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211; dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 359. The Grounds of Responsibility for Violating an Obligation

1. A debtor shall be responsible for failure to execute and (or) improper execution of an obligation if guilt exists, unless it is otherwise stipulated in legislation or agreement. A debtor shall be recognized as innocent, if he proves that he adopted all the remedies under his control for a proper execution of the obligation.

2. A person who shall have not fulfilled or shall have not improperly fulfilled an obligation in carrying out an entrepreneurial activity is liable for property, unless he proves that proper performance was impossible due to force majeure, that is, extraordinary and unpredictable circumstances under these conditions (natural phenomena, military operations, state of emergency, etc.). Such circumstances shall not include, in particular, the lack of necessary goods, works or services on the market.

Legislation or the agreement may provide for other grounds for liability or release there from.

3. An agreement concluded beforehand on elimination or limitation of liability for intentional violation of the obligation shall be void.

Footnote. Article 359 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 03.07.2020 359-VI (shall enter into force upon the expiry of ten calendar days after the day of the first official publication).

Article 360. Entrepreneurial Risk in an Obligation

When an obligation envisages the execution of certain work in accordance with the order of an entrepreneur, the risk of impossibility or the impracticality of using the results of the work, shall rest with the entrepreneur. A person who properly executed work, shall have the

right to receive the payment in proportion to the degree of the execution, except for the cases where the agreement provides for other distribution of the entrepreneurial risk.

Article 361. Consequences of the Impossibility to Execute a Bilateral Agreement

When in a bilateral agreement it became impossible for one party to execute, as a result of a circumstance for which neither of the parties is responsible, then neither of the parties shall have the right to claim the execution of the agreement, unless the legislative act or agreement stipulates otherwise. Either of the parties shall have the right to claim in that case the return of everything that it executed without receiving any appropriate counter execution.

Article 362. The Liability of a Debtor for His Workers

Actions of the officials or any other workers of the debtor associated with the execution of his obligations shall be deemed to be actions of the debtor. The debtor shall be liable for those actions if they entailed non-execution or improper execution of an obligation.

Article 363. The Liability of a Debtor For Actions of Third Persons

1. A debtor shall bear liability to the creditor also in the cases where a violation of an obligation was caused by were the actions or by the failure to act in accordance with the obligations to the debtor by third persons.

The debtor shall bear the responsibility also for the actions or failure to act by third persons to whom the debtor entrusted the execution of his obligation to the creditor, unless legislation establishes, that the responsibility shall be borne by the direct executor.

2. A debtor may be exempt from liability for violation of an obligation caused by the actions or failure to act by third persons, having proven their innocence.

When carrying out entrepreneurial activities, a debtor may be released from responsibility for a violation caused by the action or failure to act by third persons, provided that was caused by force majeure (paragraph 2 of Article 359 of this Code).

3. In the case of violation of an obligation which is associated with the encumbrance of the item in the obligation by the rights of third persons, the debtor shall be exempt from liability only in the case if such encumbrance arose prior to the conclusion of the agreement with the creditor and the latter was warned of them when the agreement was caused.

4. Legislation or agreement may stipulate any other conditions for the liability of a debtor for the actions of third persons.

Article 364. Creditor's Fault

1. When a failure to execute or improper execution of an obligation took place because of the fault of both parties, the court shall accordingly reduce the amount of the liability of the debtor. The court also shall reduce the amount of the liability of the debtor if the creditor

deliberately or through negligence assisted in the increase of the amount of losses inflicted by the failure to execute or by improper execution, or did not adopt any reasonable measures to reduce them.

2. The rules of paragraph 1 of this Article shall appropriately apply also in the cases where a debtor by virtue of a legislative act or agreement bears the responsibility for non-execution or improper execution of the obligation irrespective of his guilt.

Footnote. Article 364 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 365. Debtor's Delay

1. A debtor who delayed execution shall be responsible to the creditor for the losses inflicted by the delay and for the consequences of the impossibility to execute which emerged by accident during the time of the delay.

2. When as a result of a delay by the debtor, the execution has lost interest for the creditor, he may reject the acceptance of the execution and claim compensation of losses.

3. A debtor shall not be deemed to be delaying for as long as the obligation may not be executed as a result of the delay by the creditor (Article 366 of this Code).

Article 366. Creditor's Delay

1. A creditor shall be deemed to be delaying if he refused to accept a proper execution, offered by the debtor, or has not committed any actions which are stipulated in legislation or agreement, or which ensue from traditions of business practice or from the essence of the obligation, prior to the commitment whereof the debtor could not execute his obligation.

A creditor shall be deemed to be delaying also in the case of his refusal to properly confirm the execution of obligations performed by the debtor.

2. A creditor's delay shall give to the debtor the right to compensation for the losses caused by the delay, unless the creditor proves that the delay took place due to the circumstances for which neither he himself, nor the persons to whom by virtue of legislation or of the creditor's instructions, the acceptance of the execution was entrusted, are not responsible.

All the unfavorable consequences of the occurrence during the delay of the accidental impossibility to execute the obligation shall be imposed upon the creditor who committed the delay.

3. In a monetary obligation, a debtor shall not be obliged to pay remuneration (interest) for the time of the delay by the creditor.

Footnote. Article 366 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154.

Chapter 21. Cessation of an Obligation

Article 367. The Basis for the Cessation of an Obligation

1. Obligations shall terminate entirely or in part by the execution, granting of smart money, offset, novation, or forgiving of debt, coincidence of the debtor and the creditor in one person, impossibility to execute, the issue of an act by a state body, demise of the citizen, liquidation of the legal entity.

2. The cessation of an obligation by claim of one of the parties shall be allowed only in the cases stipulated by legislation.

3. Legislation and agreement may stipulate any other grounds for the cessation of obligations.

Article 368. Cessation of an Obligation by the Execution

1. Execution which is completed properly shall terminate the obligation.

2. *(is excluded).*

Footnote. Article 368 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 369. Smart Money

By agreement of the parties, an obligation may be terminated by offering instead of the execution of smart money (payment of money, transfer of assets etc.). The amount, the deadlines and the procedure for presenting the smart money shall be established by the parties .

Article 370. Cessation of an Obligation by Offset

1. An obligation shall be terminated fully or partially by offsetting a similar claim, the deadline for which has arrived, or the deadline wherefore is not specified or is defined as time of the claim. An application of one party shall be sufficient for an offset.

2. Offset of claims shall not be allowed in the following cases:

1) when pursuant to the application of one party, a claim is subject to statute of limitations , and the term of the statute has expired;

2) claims associated with compensation for harm caused to life or health;

3) claims associated with exacting alimony;

4) claims of life-long support;

4-1) to a bank, a branch of a non-resident bank of the Republic of Kazakhstan, deprived of a license or in the process of preservation or liquidation (termination of activity), if the creditor's claims arise from the contract (agreements) of assignment of the right of claim;

5) in other cases provided for by legislation or agreement.

3. In the case of the re-assignment of a claim, the debtor shall have the right to offset his counter-claim to the initial debtor against the claim of the new creditor.

Offset shall be carried out when a claim emerged on the basis which existed by the moment when the debtor received the notice of assignment of the claim, and the time for the claim arrived prior to its receipt, or this deadline is not indicated, or it is defined as whenever called.

Footnote. Article 370 as amended by the Laws of the Republic of Kazakhstan dated 02.03.1998 № 211; dated 23.12.2005 № 107 (the order of enforcement see Art. 2 of the Law № 107); dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (shall enter into force from 16.12.2020).

Article 371. Cessation of an Obligation by the Coincidence of the Debtor and Creditor in One Person

An obligation shall be terminated by the coincidence of the debtor and creditor in one person.

Article 372. Cessation of Obligations by Novation

1. An obligation shall be terminated by agreement of the parties to replace the initial obligation which existed between them, by any other obligation between the same persons, which provides for another paragraph or method of execution (novation).

2. Novation shall not be allowed with regard to the obligations to compensate damage caused to life or health, and to pay alimony.

3. Novation shall terminate additional obligations related to the initial one, unless it is otherwise stipulated by agreement of the parties.

Footnote. Article 372 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 373. Forgiving Debt

An obligation shall be terminated by the exemption of the debtor by his creditor from the obligations which rest with him, unless this violates the rights of any other persons with regard to the property of the creditor.

Article 374. Termination of Obligations by Impossibility to Execute

1. An obligation shall be terminated by impossibility to execute it, provided it is caused by a circumstance for which the debtor is not responsible. This rule shall not apply to monetary obligations.

2. In the case where the impossibility of one party to execute an obligation is caused by a circumstance for which neither one nor the other party are responsible, it shall not have the right to claim from the other party the execution of the obligation, unless it is otherwise stipulated in legislation or the agreement. In that respect, either party which executed its obligation, shall have the right to claim the return of the executed.

3. In the case of the impossibility to execute an obligation by the debtor, which is caused by guilty actions of the creditor, the latter shall not have the right to claim the return of what is executed by him in the obligation.

Article 375. Termination of an Obligation on the Basis of the Act of a State Body

1. When as a result of the issue of an act by state bodies, including local representative and executive bodies (a public act), the execution of an obligation becomes entirely or partially impossible, the obligation shall cease fully or in the relevant part. The parties which incurred losses as a result thereof, shall have the right to claim their compensation in accordance with this Code.

2. In the case of recognition in accordance with the established procedure of the public act as invalid, on the basis of which an obligation terminated, the obligation shall be re-established, unless it otherwise ensues from the agreement of the parties or from the essence of the obligation and where the execution thereof have not lost interest for the creditor.

Article 376. Termination of an Obligation by Demise of the Citizen

1. An obligation shall terminate with demise of the citizen, unless the execution may be carried out without the personal participation of the debtor, or the obligation in any other manner is inseparably connected to the person of the debtor.

2. An obligation shall cease with demise of the creditor, where the execution is intended personally for the creditor or the obligation is in any other way inseparably associated with the person of the creditor.

Article 377. Termination of an Obligation by Liquidation of the Legal Entity

1. An obligation shall be terminated by liquidation of the legal entity (debtor or creditor), except for the cases where legislation delegates the execution of the obligation of the liquidated legal entity to any other legal entity (in the obligations which arise as a result of causing harm to life and health etc.).

2. Termination of activities or reorganization of the state bodies, including the local representative and executive bodies, shall not terminate the obligations in which such bodies

are debtors. The execution of specified obligations shall be entrusted to a body which manages the funds of the budget, unless it is otherwise stipulated by the resolution concerning the termination of activities or reorganization of the relevant bodies.

Footnote. Article 377 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Subsection 2. General Provisions Concerning Agreements

Chapter 22. The Definition and Conditions of Agreements

Article 378. The Definition of Agreement

1. An arrangement of two or several persons concerning the establishment, amendment or cessation of civil rights and obligations shall be recognized as agreement.

2. The rules for bilateral and multilateral transactions as stipulated in Charter 4 of this Code, shall apply to agreements.

3. General provisions concerning agreements shall apply to agreements concluded by more than two parties (multilateral agreements), unless this contradicts the multilateral nature of such agreements.

Article 379. Legal Relations Which Arise From Agreements

1. Obligatory, corporeal, copyright legal relations and other legal relations may arise from agreements.

2. The general provisions concerning obligations (Articles 268 - 377 of this Code) shall apply to obligations arising from agreements, unless it is otherwise specified by the rules of this chapter and rules concerning specifics of agreements which are contained in this Code.

3. The provisions of this Chapter shall apply to corporeal, copyright or other legal relations which arise from agreements (agreements for joint activities, foundation agreement, copyright agreements and other), unless it otherwise ensues from legislation, agreement or the essence of the legal relation.

Article 380. Freedom of Contract

1. Citizens and legal entities shall be free in concluding agreements. Compulsion to conclude an agreement shall not be allowed, except for the cases where the obligation to conclude an agreement is contemplated by this Code, legislative acts or by the obligation adopted voluntarily.

2. Parties may conclude agreements both as provided for and as not provided for by legislation.

Article 381. Mixed Agreements

Parties may conclude an agreement which contains the elements of various agreements provided for by legislation (mixed agreement). The relations of the parties in certain parts of a mixed agreement shall be subject to relevant legislation concerning agreements, the elements of which are contained in the mixed agreement, unless it otherwise ensues from the agreement of the parties or the essence of the mixed agreement.

Article 382. Defining Provisions of an Agreement

1. Provisions of an agreement shall be defined at the discretion of the parties, except for the cases where the contents of a certain provision are prescribed by legislation.

In the cases where a provision of an agreement is prescribed by a rule which, in accordance with legislation applies, unless the agreement of the parties specifies otherwise (dispositive rule), the parties may by their agreement exclude its application or establish a condition which is different from the one specified in it. Where such agreement does not exist the condition of the agreement shall be determined by the dispositive rule.

2. If a provision of an agreement is not defined by the parties nor by a dispositive norm, the appropriate provisions shall be determined by traditions of business practice, which are applicable to the relations of those parties.

Article 383. Agreement and Legislation

1. An agreement must comply with the rules which are obligatory for the parties and which are established by legislation (imperative rules), which are effective at the moment of its conclusion.

2. When after the conclusion of an agreement, legislation establishes for the parties the rules which are different from those that were effective when the agreement was concluded, the terms of the concluded agreement shall remain valid, except for the cases where legislation establishes that it applies to the relations which arose from the agreements concluded earlier.

Article 384. Chargeable and Non-chargeable Agreements

1. An agreement in accordance with which one party must receive a payment or other counter consideration for the execution of its obligations, shall be recognized as chargeable.

2. An agreement shall be recognized as non-chargeable in which one party is obliged to supply something to the other party without receiving from it any payment or any other counter consideration.

3. An agreement shall be deemed to be chargeable, unless it otherwise ensues from legislation, contents or the essence of the agreement.

Article 385. Price

1. Execution of an agreement shall be paid in accordance with the price established by agreement of the parties.

In the cases which are stipulated by legislative acts, the prices (tariffs, fees, rates, etc.) shall apply as established or regulated by the state bodies authorized accordingly.

2. Changing prices after concluding agreements shall be allowed in the cases and on the terms as specified in the agreement, legislative acts, or in accordance with the procedure established by legislative acts.

3. In the cases where, in a chargeable agreement, the price is not stipulated and may not be determined on the basis of the provisions of the agreement, it shall be deemed that the execution of the agreement must be carried out at the price which, at the moment of the conclusion of the agreement was usually charged for similar goods, work and services under similar conditions.

Article 386. Validity of an Agreement

1. An agreement shall enter into force and it shall be binding for the parties from the moment of its conclusion (Article 393 of this Code).

2. The parties shall have the right to establish, that the provisions of the agreement concluded by them shall apply to their relations which arose prior to the conclusion the agreement.

3. Where legislation or an agreement specify a validity period of the agreement, the expiry of that term shall entail the cessation of the obligations of the parties under the agreement.

An agreement in which there is no indication as to its validity period shall be recognized as valid until the moment specified in it for the termination by the parties of the execution of the obligation.

4. The expiry of the validity period of an agreement shall not release the parties from the responsibility for its violation which took place prior to the expiry of that period.

Article 387. A public Agreement

1. An agreement which is concluded by a person engaged in entrepreneurial activity and establishing his duties for the sale of goods, performance of work or provision of services that such a person, in the nature of its activities, should exercise with respect to everyone who applies to him (retail, transportation by public transport, communication services, energy supply, medical, hotel services and the like) shall be recognized as a public agreement.

A person engaged in entrepreneurial activity shall not have the right to grant preference to one person before another person in relation to conclusion of a public agreement, except for the cases provided for by legislative acts of the Republic of Kazakhstan.

2. The price of goods, work and services and also other provisions of a public agreement shall be established as being the same for all customers, except for the cases where legislation allows the granting of privileges for certain categories of consumers.

3. Refusal of a person engaged in entrepreneurial activity to conclude a public contract, provided that it is possible to provide the consumer with the relevant goods (work, services) shall not allowed.

In case of unreasonable evasion of a person engaged in entrepreneurial activity from conclusion of a public agreement, the provisions provided for by paragraph 4 of Article 399 of this Code shall apply.

4. In the cases provided for by legislative acts, the Government of the Republic of Kazakhstan may issue rules which are obligatory for parties when entering into and executing public agreements (model agreements, regulations, etc.).

5. The terms of a public agreement that do not meet the requirements stipulated in paragraphs 2 and 4 of this article shall be void.

Footnote. Article 387 as amended by the Law of the Republic of Kazakhstan dated July 11, 1997 № 154; dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 388. Model Provisions of Agreements

1. An agreement may specify that its certain provisions are determined by model provisions which are elaborated for the agreements of that and published in the press.

2. In the cases, where an agreement does not contain any reference to model conditions, such model conditions shall apply to the relations of the parties as traditions of business practice, provided they are consistent with the requirements established by Articles 3 and 382 of this Code.

3. Model provisions may be outlined in the form of a model agreement or any other document which contains those provisions.

Article 389. Adherence Agreement

1. An agreement of which the conditions are determined by one of the parties in pro-forms or any other standard forms and may be adopted by the other party in no other way but by way of adherence to the proposed agreement as a whole, shall be recognized as an adherence agreement.

1-1. A legislative act of the Republic of Kazakhstan on social protection may stipulate particularities of the adhesion contract and requirements for its content.

2. A party which adheres to an agreement shall have the right to claim the dissolution of the agreement if the adherence agreement, although does not contradict legislation, but deprives that party of the rights which are usually granted in agreements of such a, excludes

or restricts the liability of the other party for violation of the obligations or contains other clearly onerous conditions for the adhering party, which it would not accept on the basis of its reasonably understood interests, should it have the possibility to participate in defining the provisions of the agreement.

3. Where the circumstances exist as stipulated in paragraph 2 of this Article, the claim to dissolve the agreement, made by the party which had adhered to the agreement in connection with its exercise of entrepreneurial activities, shall not be subject to satisfaction, if the party which adhered knew or should have known on which conditions it concluded the agreement.

Footnote. Article 389 as amended by the Law of the Republic of Kazakhstan dated 21.06.2013 № 106-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); № 226-VII of 20.04.2023 (shall take effect from 01.07.2023).

Article 390. Preliminary Agreements

1. In accordance with a preliminary agreement, the parties assume an obligation to conclude in the future an agreement on the transfer of assets, performance of work or rendering services (principal agreement) on the terms specified in the preliminary agreement.

2. A preliminary contract is concluded in the form established by the legislation for the main contract, and if the form of the main contract is not established, then in writing. Failure to comply with the rules on the form of a preliminary contract shall entail its insignificance.

3. A preliminary agreement must contain the provisions which allow the identification of the subject-matter, and other material conditions of the principal agreement.

4. In a preliminary agreement the period shall be indicated within which the parties are obliged to conclude the principal agreement.

When such a period is not defined in the preliminary agreement, the agreement envisaged by it shall be subject to conclusion within one year from the moment of the conclusion of the preliminary agreement.

5. In the cases where one party which concluded a preliminary agreement evades the conclusion of the agreement which is envisaged thereby, it shall be obliged to compensate the other party for the losses incurred by that, unless it is otherwise stipulated in legislation or the agreement.

6. The obligations which are stipulated in the preliminary agreement shall terminate if prior to the expiry of the period within which the parties must conclude the principal agreement, it is not concluded, or none of the parties sends to the counter-party the proposal to conclude the agreement.

7. A letter of intent (agreement of intentions), unless it directly provides for the intent of the parties to impart to it the status of a preliminary agreement, shall not be deemed to be a civil law agreement and failure to execute it shall not entail any legal consequences.

Footnote. Article 390 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211; dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 391. An Agreement for the Benefit of a Third Persons

1. An agreement shall be recognized to be an agreement for the benefit of a third party, in which the parties established that the debtor shall be obliged to carry out the execution not to the creditor but to a third party who is indicated or not indicated in the agreement and who has the right to claim from the debtor the execution of the obligations for his benefit.

2. Unless it is otherwise stipulated in legislation or agreement, from the moment that the third party expressed to the debtor the intention to exercise its right in accordance with the agreement, the parties may not dissolve or amend without the consent of the third party the agreement concluded by them.

3. A debtor in an agreement shall have the right to make objections against the claim of a third party, which he may make against the creditor.

4. In the case where a third party waives a right which is granted to it in accordance with the agreement, the creditor may use that right, unless that contradicts legislation and the agreement.

5. Since the expression of a third party the intent to exercise its right under the contract to the time of failure of a third party of its right, the creditor is entitled to require a performance of the obligation of the debtor to a third party under the terms of the contract.

Footnote. Article 391 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 392. Interpretation of an Agreement

1. When interpreting provisions of an agreement, the court shall take into account the literal meaning of the words and expressions contained in it. The literal meaning of a provision of an agreement, where unclear, shall be established by way of comparing that with other conditions and the sense of the agreement as a whole.

2. Where the rules contained in paragraph 1 of this Article do not allow to understand the contents of an agreement, the actual common will of the parties must be identified taking into account the objective of the agreement. In that respect, any relevant circumstances, including the negotiations preceding the agreement, and a letter exchange, the practice prevailing in the mutual relations of the parties, tradition of business practice, the subsequent conduct of the parties, shall be taken into account.

Chapter 23. Conclusion of an Agreement

Article 393. Important Terms of an Agreement

1. An agreement shall be deemed to be concluded when consensus is reached between the parties in accordance with the required form, on all the material terms of it.

The provisions concerning the subject-matter of the agreement, the provisions which are recognized by legislation as material or which are necessary for the agreements of that, and also all the provisions on which according to the application of either party, consensus must be reached, shall be recognized as material terms.

2. Where in accordance with legislative the conclusion of an agreement requires a transfer of property, the agreement shall be concluded from the moment of the transfer of that property.

Article 394. Form of an Agreement

1. If the parties agreed to conclude an agreement in certain form, it shall be deemed to be concluded from the moment of imparting to it the appropriate form, even if legislation does not require that form for such of agreements.

2. The written form of an agreement shall be deemed to be complied with, if the written offer to conclude the agreement is accepted in accordance with the procedure provided for by paragraph 3 of Article 396 of this Code.

Article 395. Offer

1. A proposal to conclude an agreement, which is made to one or several specific persons, provided it is sufficiently definite and expresses the intent of the person who made the proposal to deem himself bound in case of its adoption (acceptance), shall be recognized as offer. A proposal shall be deemed to be sufficiently definite, if it contains the material terms of the agreement and the procedure for their determination.

2. An offer shall bind the person who sends it from the moment of its receipt by the addressee.

When the notice of revoking an offer is received earlier than or simultaneously with the offer itself, the offer shall be deemed to be not received.

3. An offer received by the addressee may not be revoked during the period which is established for its acceptance, unless it is otherwise stipulated in the offer itself, or ensues from the essence of the proposal or the situation in which it was made.

4. Advertisements and other proposals which are addressed to an indefinite circle of persons shall be considered as an invitation to make an offer, unless it is otherwise stipulated in the proposal.

5. A proposal which contains all the substantial terms of the agreement, from which the will of the person who is making the proposal is understandable, to conclude the agreement

on the terms specified in the proposal with anyone who responds, shall be recognized as an offer (public offer).

Article 396. Acceptance

1. The response of a person to whom the offer is addressed, about accepting it shall be recognized as acceptance.

Acceptance must be entire and unconditional.

2. Silence shall not be recognized as acceptance, unless it otherwise ensues from the legislative act, tradition of business practice or previous business relations of the parties.

3. The commitment by the person who received an offer, within the period which is established for its acceptance, of the actions to implement the provisions of the agreement which are indicated in it (shipment of goods, rendering of services, performing work, payment of the appropriate amount etc.), shall be recognized as acceptance, unless it is otherwise stipulated in legislation or indicated in the offer.

4. If a notice of revocation of the acceptance is received by the person who sent the offer, earlier or simultaneously with the acceptance itself, the acceptance shall be deemed not received.

Article 397. The Procedure for Concluding Agreements

1. When an offer contains a deadline for its acceptance, the agreement shall be deemed to be concluded, if the acceptance is received by the person who sent the offer within the period indicated in it.

2. When a written or electronic offer does not contain a period for acceptance, the contract shall be considered as concluded if the acceptance was received by the person who sent the offer before the expiration of the period established by law, and if such period is not established - within the time required for this.

3. In the cases where a notice of an acceptance deadline is received with a delay, the acceptance shall not be considered late, if the party which sent the offer does not immediately notify the other party of receiving the acceptance with a delay.

If the party which sent the offer immediately notifies the other party that the acceptance of the offer has been received with a delay, the agreement shall be deemed to be concluded.

4. The response of consent to conclude the agreement on the conditions different than those proposed in the offer, shall not be recognized as an acceptance. Such response shall be recognized as a refusal from the offer and at the same time it shall be a new offer.

Footnote. Article 397 as amended by the Law of the Republic of Kazakhstan dated 24.11.2015 № 419-V (shall be enforced from 01.01.2016).

Article 398. The Place of Concluding an Agreement

When an agreement does not specify the place of its conclusion, the agreement shall be deemed to be concluded in the place of residence of the citizen or in the place of location of the legal entity which sent the offer.

Article 399. Concluding an Agreement in an Obligatory Procedure

1. In the cases, where in accordance with this Code or any other legislative acts, the conclusion of an agreement is obligatory for one of the parties, that party must send to the other party the notice of acceptance, or of the refusal to accept, or of acceptance of the offer (draft agreement) on different terms (protocol of differences to the draft agreement) within thirty days from the date of the receipt of the offer, unless a different period is established by legislation or is agreed by the parties.

2. The party which sent an offer and received from the party for which the conclusion of the agreement is obligatory a notice of acceptance on different terms (protocol of differences to the draft agreement), shall have the right to enter the disputes which arose in concluding the agreement, to a court for its consideration within thirty days from the date of the receipt of such notice, or upon expiry of the period for the acceptance, unless legislation concerning specifics of agreements establishes a different period.

3. In the cases where in respect of a draft agreement sent by one party for which the conclusion of the agreement is obligatory, a protocol of differences concerning the draft agreement is received, that party shall be obliged within thirty days from the date of the receipt of the protocol of differences to notify the other party of the acceptance of the agreement in that party's version or of declining the protocol of differences.

When declining a protocol of differences or in the case of failure to receive the notice concerning the results of its consideration, within an indicated period, the party which sent the protocol of differences, shall have the right to enter the differences which arose in the conclusion of the agreement for the consideration of the court, unless legislation concerning specifics of agreements establishes otherwise.

4. When a party, for which in accordance with this Code or any other legislative acts, the conclusion of an agreement is obligatory, is evading its conclusion, the other party shall have the right to appeal to the court with the claim to compel to conclude the agreement.

The party which unreasonably evaded the conclusion of an agreement must to compensate to the other party for the losses caused by the refusal to conclude the agreement.

Article 400. Pre-contractual Disputes

In the cases specified in paragraphs 2 and 3 of Article 399 of this Code, and also if the disputes which arose in concluding an agreement, were by consensus of the parties entered into a court for its consideration, the provisions of the agreement, on which the parties had differences, shall be determined in accordance with decision of the court.

Chapter 24. Amendment and Dissolution of An Agreement

Article 401. Grounds for Amending and Dissolving Agreements

1. Amendments to and dissolution of an agreement shall be possible by agreement of the parties, unless it is otherwise stipulated by this Code, other legislative acts and the agreement.

2. Upon the claim of one of the parties the agreement may be amended or dissolved upon the decision of the court only as follows:

1) when there is a material violation of the agreement by the other party;

2) in other cases which are stipulated in this Code, other legislative acts or the agreement.

A violation of the agreement by one of the parties shall be deemed material if it entails for the other party such damage that it to a substantial degree loses something on which it had the right to count when concluding the agreement.

3. An agreement shall be deemed to be amended or terminated in the case of a unilateral refusal to implement it (partial or full denial of an agreement accordingly (Article 404 of this Code).

Footnote. Paragraph 3 of Article 401 is in the new wording of the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 402. Procedure for Amending and Dissolving an Agreement

1. An arrangement to amend or dissolve an agreement shall be performed in the same form as that of the agreement, unless it ensues otherwise from legislation, the agreement, or traditions of business practice.

2. The claim to amend or dissolve an agreement may be entered by a party to the court only after the receipt of the refusal of the other party with regard to the proposal to amend or dissolve the agreement or in the case of failure to receive a response within the deadlines indicated in the proposal or established by legislation or the agreement, and where it does not exist, - within thirty days' time.

Article 403. Consequences of Dissolving and Amending an Agreement

1. When dissolving an agreement, the obligations of the parties shall cease.

2. When amending an agreement, the obligations of the parties shall continue to be valid in an amended form.

3. In the case of dissolving or amending an agreement the obligations shall be deemed to be terminated or amended from the moment of the reaching the consensus of the parties concerning the amendment or dissolution of the agreement, unless it otherwise ensues from the agreement of the parties or the nature of the amendment to the agreement, and in the case

of termination or amending the agreement in a judicial procedure, - from the moment of the court decision concerning the dissolution or amendment of the agreement entering into legal force.

4. The parties shall not have the right to claim the return of what was executed by them in the obligation prior to the moment of dissolution or amendment to the agreement, unless it is otherwise established in the law legislative acts or the agreement by the parties.

5. Where a substantial violation of an agreement by one of the parties served as the reason for the dissolution or amendment of the agreement, the other party shall have the right to claim the restitution of losses caused by the dissolution or amendment of the agreement.

Footnote. Article 403 as amended by the Law of the Republic of Kazakhstan dated March 2, 1998 № 211.

Article 404. Unilateral Refusal to Implement an Agreement (Rescission of an Agreement)

1. A unilateral refusal from the implementation of an agreement (rescission of an agreement) shall be allowed in the cases provided for by this Code, other legislative acts or agreement of the parties.

2. Either party shall have the right to refuse to implement the agreement in the following cases:

1) impossibility to perform an obligation based on the Agreement (Article 374 of this Code);

2) recognition, in accordance with the established procedure, of the other party as a bankrupt, unless otherwise established by the legislative act of the Republic of Kazakhstan on rehabilitation and bankruptcy;

3) amendment or abolition of the act of the state body, on the basis of which the agreement was concluded.

3. A unilateral rescission of performance of an agreement shall be allowed in the cases when the agreement is entered into without indication of a period, unless it is otherwise provided for by legislative acts or the consensus of the parties.

4. In the case of a unilateral rescission of the performance of an agreement the party must notify the other accordingly, not later than one month prior, unless it is otherwise provided for by this Code, other legislative acts or consensus of the parties.

Footnote. Article 404 is in the new wording of the Law of the Republic of Kazakhstan dated March 2, 1998 № 211; as amended by the Law of the Republic of Kazakhstan dated 07.03.2014 № 177-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 405. Extension of the Validity Period of an Agreement

The parties shall have the right to extend the validity period of the agreement for another period.

The extension of the validity period of an agreement shall be carried out in accordance with the rules of Article 397 of this Code.

Civil Code of the Republic of Kazakhstan (Special part)
The Code of the Republic of Kazakhstan dated July 1, 1999 № 409

Footnote. The numbers "IV-VII" after the word "Section" in the text are replaced respectively by numbers "4-7" in accordance with the Law of the Republic of Kazakhstan dated 20.12.2004 № 13 (shall be enforced from 01.01.2005).

Section 4. Certains of obligations
Chapter 25. Sale
Paragraph 1. General Terms of Sale

Article 406. Contract of Sale

1. According to the sales contract, one party (the seller) agrees to transfer the property (goods) in the property, economic management or operative control of the other party (the buyer), the buyer agrees to take the property (goods) and pay a certain amount of money for it (the price).

2. By purchasing and selling of securities and currency values the provisions provided for in this item shall be applied, if the legislation does not have special rules for their sale.

2-1. Features of the sale of goods by the Islamic Bank in carrying out of banking operations shall be established by legislative acts of the Republic of Kazakhstan, regulating the banking sector.

3. In the cases provided by the this Code or other laws, peculiarities of the sale of certain categories of goods shall be determined by legislative and other normative legal acts.

4. The provisions of this paragraph shall apply to the sale of property rights, unless it otherwise follows from the content or the nature of those rights.

5. Regulations under this section shall be applied for certains of contracts of sale (retail sales, supply of goods, energy supply, contracting, sale of business), unless otherwise provided by the rules of the this Code on contracts for these transactions.

6. When selling property in accordance with the procedure established for the execution of judicial decisions, an officer of the court shall act as the vendor.

Footnote. Article 406 as amended by the Laws of the Republic of Kazakhstan dated 12.02.2009 № 133-IV (the order of enforcement see Art. 2); dated 02.04.2010 № 262-IV (shall be enforced from 21.10.2010).

Article 407. The Terms of the Contract for Product

1. Goods under a contract of sale may be anything, in compliance with the rules of Article 116 of this Code.

2. Contract may be concluded for the sale of goods, available from the seller at the time of conclusion of the contract, as well as the goods that will be created or acquired by seller in the future, unless otherwise provided by legislation or follows from the nature of the goods.

3. The condition of the product is considered to be consistent if the contract allows you to define the name and quantity of the goods (material conditions).

Article 408. The Seller's Obligation to Transfer the Goods

1. The seller is obliged to transfer the goods, provided by the contract.

2. Unless otherwise provided by the contract, the seller is obliged to transfer the goods to the buyer with its accessories simultaneously, as well as related documents (documents proving the completeness, quality, safety, operation, etc.) provided by normative and legal acts, or by contract.

Article 409. Term of Performance of Obligations to Transfer Goods

1. Term of performance of obligations to transfer the goods to the buyer by the seller shall be defined by the contract, if the contract does not allow to determine the term - it shall be determined in accordance with the rules set out in article 277 of this Code.

2. The contract of sale shall be concluded with the condition of its execution to the strictly defined time period, unless the contract shall clear that if there is a violation of the deadline, the buyer loses interest in the performance of the contract.

The seller shall not be entitled to perform such an agreement before or after a specified period, without the consent of the buyer.

Legislative acts or contract may establish cases of performance of the contract of sale in parts (intermediate deadlines for the performance of the contract).

Article 410.Time of Performance of the Seller's Obligations to Transfer Goods

1. The seller's obligation to transfer goods to the buyer, unless otherwise provided by the contract of sale, shall considered to be fulfilled, when:

1) hanging of goods to the buyer or the person specified by him (her), if the contract provides for the seller's obligation to deliver the goods;

2) deliver the goods at the buyer's disposal, if the goods shall be delivered to the buyer or the person specified by him (her) at the location of the goods.

The product shall be supplied to the buyer, when the deadline provided for under the contract, the goods are ready to be transferred to the appropriate place and the buyer, in

accordance with the terms of the contract is aware of the readiness of the goods for the transfer. This product shall not be considered to ready for transfer, if it is not identified for the purposes of the contract, by marking or otherwise.

2. In cases, where the contract of sale shall not followed the seller's obligation to deliver goods or transfer the goods to the buyer at its location, the obligation of the seller to transfer the goods to the buyer shall be considered to be executed at the moment of delivery of the goods to the carrier or the organization due for delivery to the buyer, unless the contract provides otherwise.

Article 411. Passing the Risk of Accidental Loss of Goods

1.The risk of accidental loss or accidental damage of the goods, which is provided by the contract of sale, shall be passed to the buyer, when in accordance with legislative acts or the contract, the seller is considered to perform his (her) duty to transfer the goods to the buyer.

2. The risk of accidental loss or accidental damage of the goods, which is sold on the way, shall be passed to the buyer since the moment of conclusion of the contract of sale, unless otherwise provided by the contact or customary business practice.

A condition of the contract, that the risk of accidental loss or accidental damage of the goods passes to the buyer, since the moment of delivery of the goods to the first carrier, and at the request of the buyer could be found invalid by a court, if, at the time of conclusion of the contract the seller knew or ought to have known that the goods are lost or damaged and not reported it to the buyer.

Article 412. The Seller's Obligation on the Preservation of Sold Goods

When the property right, the right of economic management or operational control pass to the buyer before delivering the goods, the seller shall be obliged to preserve the goods before transferring and prevent its deterioration.

The buyer shall be obliged to reimburse to the seller the necessary costs, unless otherwise provided by agreement of the parties.

Article 413. The Seller's Obligation is to Transfer the Goods that are Free from the Rights of Third Parties

1. The seller is obliged to transfer the goods, which are free of any rights of third parties, except in the case, where the buyer has agreed to take the goods, which are encumbered to the rights of third parties.

Failure by the seller of this duty gives the buyer the right to demand a reduction in the price of goods or cancellation of the contract and claim damages, if it can be shown that the buyer knew or should have known about the rights of third parties on this product.

2. The rules provided in paragraph 1 of this Article shall be applied in the case at the time of goods transferring to the buyer, whether the claims of third parties are presented, and of which the seller is aware about the claims, which are subsequently found to be legally valid.

Article 414. The Seller's Liability in the Case of Seizure of the Goods from the Buyer

1. In the case of seizure the goods from the buyer by third parties on the grounds that arose before the execution of the contract, the seller must compensate the buyer incurred losses, unless it shall be proved that the buyer knew or should have known about the presence of these grounds.

2. The parties' agreement upon releasing of the seller from the liability or limitation of liability is not valid in the case of demand of the purchased goods from the buyer by third parties.

Article 415. Obligations of the Buyer and Seller in the case of filing out for the Seizure of Goods

1. If a third party gives the buyer the suit on seizure of goods on the grounds of arisen execution of the contract, the buyer is obliged to bring the seller the participation in the case, and the seller is obliged to enter the case on the side of the customer.

2. The non-involvement by the buyer of the seller to the case shall release the seller from the liability to the buyer, if the seller can prove that by participating in the case, he (she) could have prevented the seizure of goods, which is sold by the buyer.

3. The seller, who has been attracted to the participation in the case, but did not take part in it, shall be deprived of the right to prove the buyer's irregularity on proceedings in the case.

Article 416. The Consequences of Breaching Duties on Transferring the Goods

1.If the seller refuses to hand over the sold goods to the buyer, the buyer shall be entitled to refuse on the performance of the sale contract.

2.When the seller refuses to transfer a certain individual thing, the buyer shall be entitled to present a claim to the seller under Article 355 of this Code.

Article 417. Consequences of Breaching Duties to Transfer Ownership and Documents Relating to the Goods

1. If the seller shall not supply or refuses to hand over the accessories of the goods or documents belonging to it, which he (she) must pass (paragraph 2 of article 408 of the Code) to the customer, the buyer has the right to appoint him a reasonable time their transfer.

2. In the case, where the accessories or documents relating to the goods are not delivered within the specified period of time by the seller, the buyer shall be entitled to refuse to accept the goods, unless otherwise provided by the contract.

Article 418. The Quantity of Goods

The quantity of the goods, which shall be transferred to the buyer, in the relevant units or in monetary terms provided by the contract. The condition on the number of goods may be agreed by the contract establishing the order of its definition.

Article 419. The Consequences of a Breach of the Contract on the Quantity of Goods

1. If the seller has transferred to the buyer fewer goods than defined by the contract in breach of the contract, the buyer has the right, to demand the transfer of the missing quantities or refuse from the transferred goods and its payment, and if he (she) paid for to demand the return paid for a sum of money, unless otherwise provided by the contract.

2. In the case, when the seller has delivered the goods to the buyer in an exceeding quantity that is specified in the contract and the buyer must notify the seller in accordance with paragraph 1 of Article 436 of this Code. If the seller shall not be ordered the goods within a reasonable time after receiving the message from the buyer, the buyer shall have the right to take all the goods, unless otherwise provided for by the contract.

3. In the case, when the buyer shall accept the goods in an exceeding quantity, which is specified in the contract, the goods shall be paid at the price in accordance with the contract defined for the goods, if a price is not determined by agreement of the parties.

Article 420. The Range of Goods

If the contract of sale shall be subject to transfer the goods in a certain ratio by, models, sizes, colors and other characteristics (range), the seller must give the buyer the goods in assortment, agreed to by the parties.

Article 421. The Consequences of a Breach of the Contract on the range of Goods

1. When transferring the range of goods, which is specified in the contract by the seller, and is not appropriate to the contract, the buyer has the right to refuse their acceptance and payment for it, and to demand the return of money, if they have already paid.

2. If the seller has transferred to the buyer, the goods in violation of the terms of the contract, along with the goods, which range corresponds to the contract, the buyer shall be entitled to choose:

1) to accept goods that comply with the range terms of the contract, and abandon the rest of the other goods;

2) to abandon all of the transferred goods;

3) to require the replacement of goods, which is not appropriate with the terms on the range of goods provided by the contract;

4) to accept all the transferred goods.

3. When refusing of goods, which assortment does not appropriate to the contract, or the request for replacement of the goods, which is not appropriate with the contract, the buyer

shall be entitled to refuse to pay for these goods, and to demand the return of money, if they have already paid.

4. Products that do not appropriate with the terms of the contract on the range shall be considered to adopted, if the buyer within fifteen days after their receiving, shall not inform the seller about his (her) rejection of goods.

5. If the buyer has not abandoned from goods assortment, which do not appropriate with the contract, he (she) shall be obliged to pay them on the price agreed with the seller. If the seller has not taken the necessary measures to harmonize prices within fifteen days, the buyer shall pay for the goods at a price, which was generally charged for similar goods, under comparable circumstances at the moment of conclusion of the contract.

6. The rules of the present Article shall be applied unless otherwise provided by the contract of sale.

Article 422. The Quality of the Goods

1.The seller is obliged to transfer to the buyer, the goods which quality should be corresponded to the contract.

2. When the conditions on the quality of goods are absent in the contract, the seller is obliged to transfer the goods, which are appropriate for the purposes for what this of goods are generally used.

If the seller when concluding a contract has been concluded about the specific purposes of acquiring the goods by the buyer, the Seller shall be obliged to transfer the goods, which are fit for usage in accordance with these purposes.

3. When selling goods on the sample and (or) on the description, the Seller shall be obliged to transfer the goods to the buyer, which are corresponded to the sample and (or) description.

4. If in accordance with the legislative acts, which provides the order on the mandatory requirements to the quality of the sold goods, the Seller, who engaged in entrepreneurial activity, shall be obliged to transfer the goods to the Buyer , which are corresponding to these mandatory requirements.

Under the agreement between the Seller and the Buyer can be transferred goods, which are corresponded to the high quality requirements compared with the mandatory requirements , which were set out in the order established by legislative acts.

5. The goods, which the seller shall be obliged to transfer to the buyer, shall comply with the requirements of this Article, at the time its transferring to the buyer, unless a different time for determining conformity with these requirements are not provided by the contract and it within a reasonable time should be suitable for the purpose for which this of goods are generally used.

Article 423. Expire Date of Goods

1. Legislation, regulatory requirements of State standards or other mandatory rules can be defined the period of time after which the goods are considered to be unfit for its intended use (expire date), as well as cases where the expire date of the product is indicated on the product.

2. Goods, for which set the expiration date, the Seller is obliged to transfer to the Buyer, taking into account that they can be used for intended purpose until the expiration date.

Footnote. Article 423 as amended by the Law of the Republic of Kazakhstan dated 10.07.2012 № 31-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 424. Calculation of the Expiration Date of Goods

The expiration date of the goods shall be determined by the period of time calculated from the date of its producing, and during which time the goods are fit for usage or by the date before which the goods are fit for usage.

Article 425. Guarantee of the Quality of Goods

1. In the case where the contract provides the seller's guarantee on the quality of the goods, the Seller is obliged to transfer the goods, which shall meet the requirements of Article 422 of the Code, for a period of time established by the contract (warranty period).

2. Guarantee of the quality of the goods extends to all its constituent parts (components), unless otherwise provided by the contract.

Article 426. The Procedure for Calculating the Guarantee Period

1. The warranty period shall begin from the moment of transfer of the goods to the buyer (article 410 of the this Code), unless otherwise provided by the contract.

2. If the buyer is unable to use the goods, due to circumstances beyond the control of the seller and for which has been established the warranty period by the contract, the warranty period shall not be flowed until the relevant circumstances shall not be fixed by the seller.

Unless another is provided by the contract, the warranty period shall be extended by the time during which the goods could not be used because of the deficiencies found in it, providing a notice of the seller about the defects of goods in accordance with the Article 436 of this Code.

3. Unless another is provided by the contract, the warranty period for a complementary part of the product shall be considered equal to the warranty term of the product and will run concurrently with the warranty period for the main product.

4. Unless another is provided by the contract, the warranty period shall be started to run again, when replacing the product (components).

Article 427. Verification of the Quality of the Goods

1. If legislation or contract provides for verification of the quality of the goods, it must be carried out in accordance with the requirements provided by them.

In cases, where the State standards and other normative documents on standardization set mandatory requirements to the verification of the quality of goods, the quality control should be carried out in accordance with the instructions contained therein.

2. If the conditions for verification the quality of the goods are not provided in the manner prescribed by paragraph 1 of this Article, the verification of quality of the goods shall be carried out in accordance with the customs of trade or other commonly used terms of the verification of the goods that to be transferred under the contract.

3. If the legislative acts, the mandatory requirements of State standards and other normative documents for standardization or contract provides for the seller's duty to verify the quality of the goods, which are transferred to the buyer (testing, analysis, inspection, etc.), the seller must provide the buyer, upon of his (her) request evidence of verification the quality of the goods.

Footnote. Article 427 as amended by the Law of the Republic of Kazakhstan dated 10.07.2012 № 31-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 428. The Consequences of Transfer of Goods that are of Defective Quality

1. If defects in the goods had not been stipulated by the seller, the buyer, who handed over the goods of inadequate quality may choose to require from the seller:

1) proportionate reduction of the purchase price;

2) free elimination of the goods defect within a reasonable time;

3) compensation of their expenses for elimination of defects in the goods;

4) replacement of inadequate quality of goods to the goods, which are appropriate to the contract;

5) failure to execute the contract and return the paid amount of money for the goods.

Terms and conditions of the buyer's refusal from the rights provided in this paragraph shall be invalid.

2. In the case of inadequate quality of the parts of goods, which are included in series (article 432 of the this Code), the buyer has the right in respect of this part of the goods to exercise the rights provided in paragraph 1 of this Article.

3. In the case where the seller of the goods of improper quality was not its manufacturer, the requirements for replacement or free removal of defects may be brought on the buyer's choice to the seller or the manufacturer.

4. The rules of this Article shall apply, unless otherwise established by the this Code or other legislation.

Article 429. Material Defects for which the Seller Bears Responsibility

1. The seller shall be responsible for defects of the goods if the buyer can prove that they have arisen before the transfer to the buyer or for reasons that have arisen before that moment .

The seller shall be responsible for defects of the sold goods and in the case if he (she) did not know about them. The agreement to release the seller from liability or its limitation is not valid.

2. In respect of the goods for which the seller provided the guaranteed quality, and the seller shall be responsible for defects of goods, unless he (she) proves that the defects in the goods arose after their transferring to the buyer as a result of the breach of the rules regarding the usage of the goods by the buyer or its storage or actions of third parties or force majeure.

Article 430. Terms of Detection the Defects in the Transferred Goods

1. Unless another is not provided by legislative acts or contract, the buyer has the right to bring claims arising from the defects of goods that are found in the terms, which are established in this Article.

2. If the goods do not have warranty period or expiration date, requirements related to defects in the goods may be brought by the buyer, in the case if the deficiencies in the sold goods were found within a reasonable period of time, but within two years from the date of transfer of the goods to the buyer, if longer terms are not set by legislative acts or contract. Deadline for identifying defects in the goods, which are transported or sent by mail, is calculated from the day of receipt of the goods at the place of destination.

3. The buyer shall be entitled to bring claims arising from defects of goods, if the goods have warranty period and defects are found within this period.

In the case, where the component parts in the contract is quarantined for a shorter duration than the main product, the buyer shall be entitled to make claims about the shortcomings of the component parts, if they are found within the warranty period on the main product.

If the component of the product is installed in the contract a warranty period longer than the warranty period for the main product, the buyer shall be entitled to make a claim about the shortcomings of the product, in the case if the deficiencies in the component product are found within the warranty period on it, regardless of the expiration of the warranty period on the main product.

4. According to the goods, which the expiry date has been set, the buyer is entitled to make a claim about the shortcomings of the goods if they are detected during the expiry day of the product.

5. In cases where the contract warranty period is less than two years and material defects are found by the buyer after the expiration of the warranty period, then within two years from

the date of transfer of the goods to the buyer, the seller shall be liable if the buyer proves that the material defects occurred before the transfer of goods to the buyer or for reasons that have arisen so far.

Article 431. Completeness of the Goods

1. The seller must transfer the goods to the buyer which are conformed to terms of the contract on completeness.

2. If the contract is not defined completeness of the goods, the seller must transfer goods to the buyer, the completeness of which is determined by the business practice or another specified requirements.

Article 432. Set of Products

1. If the contract provides for the seller's obligation to transfer a certain set of goods in the set (set of products) to the buyer, the obligation is considered to be executed since the moment of transferring all goods included in the set.

2. Unless another is provided by the contract or follows from the nature of the obligation, the seller is obliged to transfer all the goods included in the set to the buyer, at the same time.

Article 433. Consequences of the Transfer of Products on Incomplete Set

1. In the case of transferring incomplete goods (Article 431 of this Code), the buyer may, at his (her) discretion to demand from the seller:

1) a proportional reduction of the purchase price;

2) the re-supply of goods within a reasonable time;

3) a replacement of the incomplete goods to complete;

4) failure to perform the contract and return the amount of money paid for the goods.

2. Consequences provided in paragraph 1 of this Article shall also apply in the case of seller's violation of obligations on transferring a set of products to the buyer (Article 432 of this Code), unless another is provided by law or contract or follows from the nature of the obligation.

Article 434. Tare and Packaging of Goods

1. Unless another is provided by the contract or follows from the nature of the obligation or the nature of the goods, the seller is obliged to transfer the goods in the tare and (or) package.

2. If the contract does not specify requirements for tare and packaging, the goods must be contained or packaged in the usual manner for such goods or, in the absence of it, should be done in the method for preservation of the goods of this under normal conditions of storage and transportation.

3. If legislation is provided with mandatory requirements for tare and (or) packaging, the seller, who engaged in entrepreneurial activity, shall be obliged to transfer the goods in the container and (or) package, which respond to these regulatory requirements.

Article 435. Consequences of Transferring the Goods Without Tare and (or) Packaging and (or) Improper Tare and (or) Packaging

1. In the case, when goods which require containing and (or) packaging are transferred to the buyer without containing and (or) packaging or improper containing and (or) packaging, the buyer has the right to require the seller to contain and (or) pack the goods appropriately or replace improper goods and (or) packaging, unless the contract, the nature of the obligation or the nature of the goods stipulate otherwise.

2. Instead of presenting the requirements specified in paragraph 1 of this Article to the seller, the buyer shall be entitled to present to him (her) any other requirements arising from the transfer of inadequate quality goods (Article 428 of this Code).

Article 436. Notice to the Seller about the Improper Execution of the Contract

1. The buyer must notify the seller on breaching of the contract on the number, range, quality, completeness, containing and (or) packaging of the goods within the period prescribed by legislative acts and otherwise, normative legal acts, or contract, and if the term is not set, within a reasonable time after breaching the terms of the contract, which is found on the basis of the nature and destination of goods.

2. In case of non-execution of obligations under paragraph 1 of this Article by the buyer, the seller has the right to completely or partially refuse to meet the requirements of the buyer, if he (she) shall prove that late notice is caused inability to respond to the requirements of the buyer or led to the seller disproportionate costs in comparison with those, which he (she) would have occurred if he (she) was timely notified on breaching of the contract.

3. If the seller knew or should have known that the goods, which are transferred to the buyer do not meet the requirements of the contract before, he (she) shall not be entitled to rely on the buyer's failure to perform obligations under paragraph 1 of this Article.

Article 437. The Buyer’s Responsibility to Take the Goods

1. The buyer must accept the goods transferred to him (her) by the seller, except the cases, where in accordance with the rules of this chapter, he (she) shall have the right to require replacement of the goods or cancel the contract.

2. Unless another is provided by legislation or contract, the buyer is obliged to take actions, which in accordance with the usual requirements are necessary on his (her) part to ensure the transfer and receipt of the goods.

3. In cases, where the buyer in violation of the legislation or contract does not accept or refuse to accept the goods, the seller shall be entitled to require recipient of the goods or cancel the contract from the buyer.

Article 438. The Price of the Goods

1. The buyer is obliged to pay costs under the contract, or, if it is not provided for and cannot be determined by the contract, on the basis of its terms, at a price determined in accordance with the rules of Article 385 of the this Code, and to make actions on his (her) own expense, which according to the legislation, contract or usual requirements are necessary to make the payment.

2. When the price is set depending on the weight of the goods, it shall be determined by the net weight, unless another is provided by the contract.

3. If the contract provides that the price of the goods is changed depending on the indicators for the price of the product (cost, expenses, etc.), but does not define a way to revise the prices, price shall be determined on the basis of the ratio at the time of conclusion of the contract and at the time of the execution of the obligations on transfer of the goods. In the case of delay the obligation to transfer goods by the seller, the price shall be determined on the basis of the ratio at the time of conclusion of the contract and on the day of transfer the goods provided by the contract, or if this date is not defined, on the day determined in accordance with Article 277 of this Code.

The rules provided in this paragraph shall be applied, unless another is provided by this Code and other legislative acts, or followed from the nature of the obligation.

Article 439. Payment for Goods

1. If the terms of the contract and legislative acts do not obligate to pay the price for a certain period of time, the buyer after the transfer of the goods or documents for this goods shall be obliged to pay it without delay.

2. If the contract does not provide the installment payment for the goods, the buyer is obliged to pay the seller the amount of total price of transferred goods.

3. If the buyer does not pay for transferred goods in accordance with the contract, the seller has the right to demand payment of the goods and the penalty payment for the use of other people's money (Article 353 of this Code).

4. If the buyer is in breach of contract, refuses to accept and pay for the goods, the seller may choose to ask for payment of goods or cancel the contract.

5. In cases where the seller according to the contract shall be obliged to transfer the buyer, except unpaid another goods, he (she) is entitled to suspend the transfer of those goods until full payment of all previously transferred goods, unless another is provided by legislative acts or contract.

Article 440. Advance Payment for Goods

1. In cases, where the contract provides the buyer's obligation to pay the price in full or in part before the transfer of goods (advance payment) by the seller, the buyer must make payment within the period stipulated in the contract, and if the term of the contract did not provide it within the period determined in accordance with Article 277 of this Code.

2. In the case of non-execution of the obligation to pre-payment according to the contract by the buyer, the rules are provided in Article 284 of this Code.

3. In cases where the seller, who has received the amount of advance payment, does not perform his (her) duties on transferring the goods within the prescribed period (article 409 of this Code), the buyer has the right to demand the transfer of the paid goods or refunding of the advance payment for the goods, which the seller has not transferred.

4. If the seller fails to perform the obligation to transfer pre-paid goods and another is not provided in the contract of sale, the forfeit to the amount of the advance payment shall be paid in accordance with Article 353 of this Code, from the day when transfer of goods are made under the contract and before the day of transfer of the goods to the buyer or return the amount paid in advance to them. A contract may provide the seller’s obligation to pay the penalty to the amount of the advanced payment from the date of receipt of this amount.

Article 441. Payment for Goods Sold on Credit

1. In cases, where the contract provides for payment of the goods after a certain period of time after its transferring to the buyer (sale of goods on credit), the buyer shall make payment within the period provided by the contract, and if the term of the contract is not provided it, within the period determined in accordance with Article 277 of this Code.

2. In the case of non-execution of the obligation on transferring goods by the seller, rules are provided for in article 284 of the Code.

3. In cases, where the buyer, who has received the goods, does not perform the obligation to pay for it within the period provided in the contract, the seller has the right to require the payment for transferred goods or returning the unpaid goods.

In cases, where the buyer do not execute the obligation to pay for transferred goods within the contract period and another is not provided by this Code and the contract, the forfeit on the overdue amount is payable in accordance with Article 353 of this Code from the date when the goods should have been paid and until the date of payment for the goods by the buyer.

4. The contract may provide the buyer's obligation to pay a forfeit to the amount which correspond to the price of goods, beginning from the day of the transferal of goods by the seller.

5. Sale of goods on credit is performed at a price in effect on the day of the sale. Subsequent change of prices on sold in credit goods shall not be recalculated, unless another is provided by legislative acts or contract.

Article 442. Payment by Installments on the Sale of Goods in Credit

1. The contract for the sale of goods on credit may provide an installment payment.

Contract for the sale of goods on credit with the condition on the installment payment is considered to be concluded, when in it, along with other essential terms of the contract are provided the sale, the price, the order, terms and amount of payments.

2. When a buyer does pay for the goods, which sold on credit within the contract period, the seller, unless another is provided by the contract, shall be entitled to cancel the contract and demand the return of sold goods, except in cases where the amount of received payments from the buyer, more than half the price of goods.

Article 443. Goods Insurance

1. The contract of sale may provide the seller's or the buyer's obligation to insure the goods, unless another is provided by legislative acts.

2. In cases, where the party, who is obliged to insure the goods, does not provide insurance in accordance with the terms of the contract, the other party shall have the right to insure the goods and require from the obligated party the compensation of insurance costs or cancel the contract.

Article 444. Preservation of the Ownership Right on Goods for the Seller

1. In cases, where the contract provides that the ownership of the goods is only transferred to the buyer until the payment of goods or other circumstances, The buyer shall not be entitled to dispose of the goods, or dispose of them in any other way, until the ownership of goods is transferred to him (her), unless another is provided by legislative acts or contract or followed from the purpose and characteristics of the goods.

2. In cases, when the transferred goods shall not be paid within the period provided by the contract or other conditions have not been met, under which the ownership right passes to the buyer, the seller shall be entitled to require the return of goods from the buyer, unless an alternative arrangement is provided by the contract.

Paragraph 2. Retail sale

Article 445. Contract of Retail Sale

According to the contract of the retail sale, the seller, who carries out entrepreneurial activity for the sale of goods, shall be obliged to transfer goods to the buyer, which are

usually intended for the personal, family, household or other use and are not related with business activities.

Retail sale contract is public (Article 387 of this Code).

Article 446. The Form of the Retail Sale Contract

Retail sales contract is considered to be concluded in the proper form, from the date of the seller's issue of a cash or sale receipt or other document confirming the payment to the buyer, unless another is provided by legislative acts or by the contract of retail sale, including the terms of forms or other standard forms, where the buyer is joined (Article 389 of this Code).

If the buyer does not have these documents, he (she) shall not be deprived from the possibility to refer to the testimony in support of the conclusion of the contract and its terms.

Article 447. Public Offer of Goods

1. Exhibition of goods, demonstration of their samples or giving information about the sold goods (descriptions, catalogs, photos, etc.) at the place of sale is a public offer, regardless of whether the price and other terms of the contract of sale are specified, except in the case where the seller is clearly demonstrates that the goods are not intended for sale.

2. The offer of goods specified in advertising, catalogs and other descriptions of the goods , which is addressed to the general public in the inappropriate place for the sale of goods and if it does not contain the essential terms of the contract of sale, shall not be recognized as a public offer.

Article 448. Submission of Information about the Goods to the Buyer

1. The seller must provide the buyer with the necessary and accurate information about the goods offered for selling. This information must meet the requirements specified by legislative acts and requirements, which are usually required in retail trade to the content and presentation of this information.

2. The buyer has the right to inspect the goods, and if it is possible due to the nature of the goods and is not contrary to the rules, which are adopted in the retail sector, require in his (her) presence to test or demonstrate the usage of the goods.

3. The seller, who does not provide the buyer with an opportunity to obtain relevant information about the goods shall be responsible for the material defects in the goods arising after the transferring of goods to the buyer, and against which the buyer can prove that they have arisen due to the lack of available information.

Article 449. Contract with the Condition of the Buyer's Acceptance of Goods Within a Certain Time

1. The parties may conclude a contract with a condition of acceptance of goods in a certain contract period by the buyer, and during which the goods cannot be sold to another buyer.

2. Unless another cause is provided by the contract, the buyer's failure to appear or to perform other necessary actions to take goods in a certain contract period may be considered by the seller as a buyer’s failure to perform the contract.

3. Additional costs of the seller for the transferring of goods to the buyer in a certain contract period are included in the price of the goods, unless another is provided by legislative acts or contract.

Article 450. Sale of Goods on Samples

1. Contract of retail sales can be concluded on the basis of the buyer's awareness with a sample of the goods (its description, products catalog, etc.) offered by the seller.

2. Unless another is provided by legislative acts or contract, the contract shall be executed from the moment of delivery the of goods to the place specified in the contract, and if the place of delivery are not specified in the contract, from the time of delivery of the goods to the buyer at the place of residence of the citizen or the location of the legal entity.

3. The buyer shall be entitled to refuse to perform the contract before the transfer of the goods, and subject to compensate to the seller reasonable expenses related to the action for performance of the contract.

Article 451. Sale of Goods with the Use of Machines

1. In cases, where the sale of goods is carried out using machines, the machine owner is obliged to inform buyers with information relating to the product (name, quantity, unit price, etc.), this can be done by placing a sign on the machine or by otherwise informing customers on the name of the seller (company name), its location, mode of operation, as well as steps that need to be undertaken in order for the buyer to purchase the goods.

2. The contract is considered to be concluded from the moment, when the buyer takes actions necessary for receipt of the goods.

3. If the buyer is not provided with the paid goods, the seller shall be obliged to ensure the immediate delivery of the goods or refund the amount of money paid for this product to the buyer.

Article 452. Contract with the Condition of the Delivery of Goods to the Buyer

1. In cases, where the contract has been concluded with the condition of delivery of the goods to the buyer, the seller shall be obliged to deliver the goods to the place specified by the buyer within a certain contract period.

2. The contract shall be considered to be executed by the seller from the time of delivery the goods to the buyer, and if his (her) absence, to any person presenting a receipt or other document showing the contract or to obtain delivery of the goods, unless another is provided by legislative acts, by contract or followed from the nature of the obligation.

Article 453. Price and Payment

1. The buyer is obliged to pay for the goods at the price advertised by the seller at the time of conclusion of the contract, unless another is provided by legislative acts or followed from the nature of the obligation.

2. In cases, where the contract provides advanced payment for the goods (article 440 of this Code), and the non-payment for the goods by the buyer in a certain contract period shall be recognized as a buyer's refusal to perform the contract, unless another condition is provided by agreement of the parties.

3. To contracts for the retail sale of goods on credit, including the terms of installment payment for the goods, the rules provided in the second part of paragraph 3 of Article 441 of this Code are not applied.

4. The buyer is entitled to make payment in full at any time within the period specified on installment payment for the goods in the contract.

Article 454. Exchange of Goods of Proper Quality

1. The buyer is entitled, within fourteen days from the date of transfer of non-food goods, unless a longer period is not declared by the seller, to exchange the purchased goods on a similar product of a different size, shape,, color, configuration and so on at the place of purchase or other places that are declared by the seller, if there are difference in price, the seller need to be recalculated.

2. In the absence of the necessary goods for the exchange from the seller, the buyer has the right to return purchased goods to the seller and have their payment reimbursed.

3. The buyer's claim on the exchange or return of the goods shall be satisfied, if the goods have not been used and are in a saleable condition and there is an evidence of purchasing the goods from this seller.

4. The list of goods, which are not eligible for exchange or return under the grounds specified in the present Article, shall be determined in accordance with the procedure prescribed by law.

Article 455. Rights of the Buyer in case of Sale to Him (Her) of the Goods of Improper Quality

1. The buyer, to whom had been sold the goods of improper quality, and if its shortcomings have not been specified by the seller, he (she) shall be entitled to carry out the

actions referred to in paragraph 1 of Article 428 of this Code, and the buyer on the demand of the seller and at his (her) expense must return the received goods of inadequate quality.

2. When returning to the buyer the amount of money paid for the goods, the seller is not entitled to deduct from it the amount on which the value of the goods has decreased, due to the total or partial use of the goods, loss of their identity, and etc.

Article 456. Refund of the Price Difference When Replacing the Goods Reducing the Purchase Price and the Return of Goods of Inadequate Quality

1. When replacing the goods of inadequate quality for the goods of appropriate quality according to the contract the seller has no right to claim compensation for the difference between the price of goods specified in the contract, and the price of the goods, existing at the time of replacement or a court's decision to replace the goods.

2. When replacing the goods of inadequate quality for a similar, but different in size,,, etc. appropriate quality goods, the difference between the price of the changed goods at the time of replacement and the price of the goods, which are transferred to replace the goods of inadequate quality shall be compensated.

If the requirement of the buyer is not satisfied by the seller, these prices are determined by the court's decision on replacement the goods.

3. In the event a claim for a discount in the purchase price of goods is made, the price of the goods at the time of presentation of the claim for the price reduction shall be taken into account, and if the demand is not satisfied voluntarily at the time of the court's decision to reducing prices.

4. When returning the goods of improper quality to the seller, the buyer shall be entitled to demand the compensation on the difference between the price of goods specified in the contract, and the price of the relevant goods at the time for voluntary satisfaction of the buyer 's requirements, and if the demand shall not be satisfied freely - at the time of the court's decision.

Article 457. The Seller's Liability and Performance Obligation in kind

In the case of non-performance of an obligation by the seller under the retail sale contract, compensation of loses and payment of the forfeit does not release the seller from the performance of the obligation in kind.

Paragraph 3. Delivery

Article 458. Delivery Contract

According to the delivery contract, the seller (supplier), who is an entrepreneur, shall be obliged to transfer to the due dates or time the produced or purchased goods to the buyer for

use in business or for other purposes, which are not related to personal, family, household and other similar use.

Article 459. Dispute Settlement at the Conclusion of the Delivery Contract

1. If the parties disagreed on certain terms of the contract at the conclusion of the delivery contract, the party that has offered to conclude the contract and received from the other party a proposal to harmonize these conditions shall within thirty days of the receipt of the proposal , if another is agreed to by the parties, adopt measures to harmonize the conditions of the contract or to notify in writing form the other party of the rejection of its conclusion.

2. The party, which has received the proposals on appropriate terms of the contract, but not adopted measures to implement the conditions of the delivery contract and not notified the other party of its in ability to meet the delivery contract, which is provided in paragraph 1 of this Article, shall be obliged to compensate for losses, caused by the deviation from adhering to the terms and conditions of the contract.

Article 460. Duration of the Delivery Contract

1. A delivery contract may be concluded for a period of one year, for a period of more than one year (long-term contract) or for another duration, which is stipulated by the agreement of the parties.

If the contract validity period is not defined and followed from the nature of the obligation , the contract is deemed to be concluded after a period of one year.

2. If in the long term delivery contract the quantity of the goods, which are to be delivered or other terms of the contract are defined for a year or longer, the contract shall establish a procedure agreed by the parties on appropriate conditions for subsequent periods until the end of the contract period. If there is no agreement in the contract about the arrangement, the contract is deemed to be concluded for a year or period defined by the terms of contract.

Article 461. Delivery Periods

1. If the parties provide for delivery of goods in separate lots during the period of the contract and there is no defined a delivery periods of goods in separate batches (periods of delivery), the goods shall be delivered in equal parties on a monthly basis, unless another is followed from the legislative acts the business practice or the nature of the obligation.

2. Along with the definition of the periods for delivery the contract may set a timetable for the delivery of goods (weekly, daily, hourly, etc.).

3. Early delivery of goods can be carried out with the consent of the buyer.

4. Goods delivered ahead of schedule and accepted by the buyer, shall be counted against the quantities of goods, that are to be delivered in the next period.

Article 462. The Order of Goods Delivery

1. Delivery of goods is undertaken by the supplier shipment (transfer) of goods to the buyer under the contract or to the person named in the contract as the recipient.

2. In cases, where the contract provides the right of the buyer to give instructions to the supplier on the shipment of the goods to the recipients (shipping order), shipping (transfer) of the goods shall be carried out by the supplier to the recipients specified in the shipping order.

3. The contents of the shipping order and terms of its direction to the supplier are defined by the contract. If the terms of the direction of shipping order are not provided in the contract, it shall be sent to the supplier not later than thirty days prior to the delivery period.

4. The buyer's failure on providing the shipping orders on time shall give to the supplier the right to refuse from the contract, unless another is provided by the contract.

Article 463. Delivery of Goods

1. The goods are delivered by the supplier on shipping them by transport, which is provided in the contract, and on the conditions stipulated in the contract.

2. If the contract is not determined what of transport or on what conditions they are delivering, the right to choose the mode of transport or determining the conditions of delivery of goods belongs to the supplier, unless another is followed from the legislation, the business practice or the nature of the obligation.

Article 464. Compensation for Incomplete Delivery of Goods

1. Supplier, who allowed to deliver incomplete goods in a separate period of delivery, shall be obliged to compensate for an outstanding number of goods in the next period (periods) during the term of validity of the contract, unless another is provided by the contract.

2. Under a long-term contract, an outstanding number of goods, which are not delivered on a separate period of delivery, shall be compensated in the next period (periods) within the year in which is allowed under-delivery of goods, unless another is provided by the contract.

3. In the case, where the supplier is shipping the goods to several recipients, who specified in the contract or in the shipping orders, the goods, which are delivered in excess of the quantity to a single recipient, provided in the contract or in the shipping order, do not count in covering of shortages of other recipients and do not fulfill the supplier's obligations to them, unless another specification is provided in the contract.

4. The buyer may, by notice to the supplier, refuse acceptance of the goods for which the delivery date has expired, unless another provision is provided in the contract. The buyer is obliged to accept and pay for the goods which are delivered until the supplier's notification.

Article 465. Assortment of Goods for Compensation of Incomplete Delivery

1. The range of goods which is subject to short supply replenishment is determined by agreement of the parties. If there is no agreement, the supplier shall be obliged to compensate for the shortfall of goods in the period in which the shortfall was made.

2. Delivery of the goods of one in more quantity than specified in the contract, shall not be sufficient to compensate delivery of goods of another belonging to the same order, and shall be subject to completion, except the case, where delivery is made with the prior written consent of the buyer.

Article 466. Acceptance of the Goods by the Buyer

1. The buyer (recipient) is obliged to take all necessary actions to ensure the receipt of the goods supplied under the delivery contract.

2. The goods adopted by the buyer (recipient) must be inspected by him (her) at the period of time determined by legislative acts, the delivery contract or business practices.

The buyer (recipient) shall at the same time check the quality and quantity of the goods in the order established by legislation, contract or business practices, and the supplier shall be immediately notified in writing about the nonconformity or deficiencies of goods.

3. In the case, where the goods are delivered by a shipping company, the buyer (recipient) shall verify the conformity of the goods by the data specified in the transport and accompanying documents, as well as to take the goods from the delivery company in compliance with the rules stipulated by legislative and other normative legal acts regulating the activities of transport.

Article 467. Safekeeping of Goods Not Accepted by the Buyer

1. When a buyer (recipient), in accordance with legislative acts, or the delivery contract, refuses to accept the goods dispatched by the supplier, he (she) is obliged to ensure the safety of this product (safekeeping) and shall promptly notify the supplier.

2. The supplier shall collect the goods, having been accepted by the buyer (recipient) in the meantime for their safekeeping, or dispose of them within a reasonable period of time.

If the provider does not collect the goods in this period of time, the buyer is entitled to sell the goods or return it to the supplier.

3. The necessary costs incurred by the buyer (recipient) in connection with the adoption of the goods for safekeeping, the sale of goods or the return to the seller, shall be compensated by the supplier.

The proceeds from the sale of the goods shall be forwarded to the supplier with the deduction of the costs incurred by the buyer.

4. In cases, where the buyer without basis established by legislative acts or contract does not accept the goods from the supplier or denies his acceptance of the goods, the supplier has the right to demand payment from the buyer for the goods.

Article 468. Inspection of the Goods (Sampling)

1. The delivery contract may provide for the buyer's receipt of the goods at the location of the supplier.

2. If the period of sampling is not established by the contract, the selection of the goods of the buyer (recipient) should be carried out within a reasonable period after the supplier's notification on readiness of the goods.

3. When the delivery contract provides that the buyer chooses his selection of goods in the location of the supplier, the buyer shall be obliged to inspect the goods at the occasion of their transfer, unless another provision is provided by legislative acts or followed from the nature of the obligation.

4. If the buyer (recipient) does not make a choice of goods within the delivery contract period, and in absence of it - within a reasonable period after the notification of readiness of the goods, the supplier shall be given the right to withdraw from the contract or to require the buyer to pay for the goods.

Article 469. Payments for the Delivered Goods

1. The buyer shall pay for the supplied goods in compliance with the order and the form of payment specified in the contract. If an agreement of the parties does not specify the order and form of payment, the calculations shall be carried out by the payment orders.

2. If the contract provides for the delivery of goods in parts, which together make up a kit for a single article, the buyer's payment shall be made after shipment (sample) of the last part of the kit, unless another provision is provided by the contract.

3. If the contract provides that the payment for the goods is carried out by the recipient (the payer) and the last unreasonably refused to pay or failed to make payment for the goods within the contract period, the supplier has the right to demand payment for the delivered goods from the buyer.

Article 470. Tare and Packaging

1. Unless another is provided by the contract, the buyer (recipient) must return the provider returnable tare and means of packaging in which the goods are supplied, in the manner and within the period of time prescribed by legislative acts.

2. Other tare and packaging shall be returned to the supplier only in the cases provided by the contract.

Article 471. The Consequences of the Delivery of Goods of Substandard Quality

1. The buyer (recipient), who was delivered the goods of substandard quality, shall be entitled to raise requirements under Article 428 of this Code, except in cases, when the

supplier, who has received a notification of the buyer on defects of the delivered goods immediately replace the delivered goods to the goods of proper quality.

2. The buyer (recipient) who is selling the delivered goods at retail has the right to demand a replacement for goods of inadequate quality, which have been returned his consumers, within a reasonable time, unless an alternative provision is provided by the contract of supply.

Article 472. The Consequences of the Delivery of Incomplete Sets of Goods

1. The buyer (recipient), who delivered the goods with breach the conditions of delivery contract, the requirements of legislation or the usual requirements for re-supply, shall have the right to raise the requirements to the supplier under Article 433 of this Code, except the case, when the supplier, who has received the buyer's notification on incomplete delivery of the delivered goods, shall immediately complement the goods or replace them to the complete goods.

2. The buyer (recipient) who is selling the goods in retail, shall have the right to demand a replacement of incomplete goods returned by the customer to the original supplier within a reasonable time, unless another is provided by the contract of supply.

Article 473. Rights of the Buyer in the case of Underdelivery of the Goods, Failure to Satisfy the Requirements of Defects of the Goods or Re-supply of the Goods

1. If the supplier did not deliver the quantity specified or did not comply with the buyer's claims for replacement of goods of inadequate quality or re-supply of goods within the prescribed period, the buyer has the right to purchase the undelivered goods from other persons, with the allocation of all necessary and reasonable expenses for the acquisition of the provider.

The buyer's costs for purchasing goods from other persons in the case of supplier's under-delivery or failure to re-supply defective goods shall be regulated by the rules provided in paragraph 1 of Article 477 of this Code.

2. The buyer (recipient) shall have the right to refuse payment for goods of inadequate quality and incomplete goods, if such goods have been paid - to demand the paid sum until the repair of deficiencies or the replacement of goods.

Article 474. The Forfeit for Short Delivery or Late Delivery of the Goods

If established by legislative acts or the contract, forfeit for short delivery or late delivery of the goods may be charged from the date specified by the contract to the date of the actual performance of the obligation, unless another procedure for forfeit is not provided by legislation or contract.

Article 475. Repayment of Uniform Obligations Under Several Delivery Contracts

1. In cases, where the supply of similar goods delivered by the supplier at the same time for several delivery contracts to the buyer is established, if the number of delivered goods is insufficient to meet the obligations of the supplier under all contracts, the delivered goods shall be counted against the performance of the contract indicated by the supplier in the implementation of the delivery or immediately after delivery.

2. If the buyer has paid to the supplier for similar goods, received in several delivery contracts and the amount of the payment is insufficient to repay the buyer's obligations under all of the contracts, the paid amount must be counted against the performance of the contract indicated by the buyer for the payment of goods or immediately after the payment.

3. If the supplier or the buyer does not exercise the rights granted to them, respectively in items 1 and 2 of this Article, the performance of an obligation, which is included in the repayment of obligations under the contract for which the term came before. If the term of obligations under several contracts occur at once, the granted execution is counted proportionally in repayment of obligations under all the contracts.

Article 476. Unilateral Non-performance of the Contract

1. Unilateral non-performance of the contract (in whole or in part) or its unilateral changing is allowed in the case of a fundamental breach of contract by one party (the second part of paragraph 2 of Article 401 of this Code).

2. Breach of contract by the supplier is significant in the following cases:

1) delivery of the goods of inadequate quality with deficiencies that cannot be resolved within a reasonable period for the buyer;

2) repeated violation of the terms of delivery.

3. Breach of contract by the buyer is expected to be significant in the following cases:

1) repeated violations of the terms of payment of the goods;

2) repeated non-acceptance of the goods.

4. Agreement of the parties may provide for other reasons of the unilateral refusal to perform the contract or its unilateral change.

5. Delivery contract shall be terminated or amended upon receipt of notification by the other party to change or unilateral refusal to perform the contract, unless another period of termination or modification of the contract is not provided in the notification or determined by agreement of the parties.

Article 477. Calculation of Damages in Termination of a Contract

1. If within a reasonable time after the termination of the contract, due to breach of an obligation by the seller, the buyer has bought goods in replacement under the contract from

another person on a high, but reasonable price, he (she) can bring to the seller a claim for damages as the difference between the price fixed in the contract and the price in the substitute transaction.

2. If within a reasonable time after the termination of the contract, due to breach of obligations by the buyer, the seller, who sold the goods to another person at a lower than provided for by the contract, but a reasonable price, the seller may claim for damages as the difference between the price fixed in the contract and the price in the substitute transaction.

3. If, after termination of the contract on the grounds provided by paragraphs 1 and 2 of this Article, is not made a deal to replace the terminated contract and this product has the current price, the party may bring a claim for damages as the difference between the price fixed by the contract and the current price at the time of termination of the contract.

The current price is the price, which is usually charged under similar circumstances for the same goods at the place, where the transfer of the goods must be made. If there is no current price at this location, can be used that current price, which is used elsewhere, which could serve as a reasonable substitute for the difference in the cost of transporting the goods.

4. Meeting the requirements of paragraphs 1-3 of this Article shall not discharge the party, who failed to fulfill the obligations of other compensation of damages, which is caused to the other party, in accordance with paragraph 4 of Article 9 of this Code.

Paragraph 4. Contraction (agricultural procurement contract)

Article 478. Contractual Agreement

1. According to the contractual agreement the producer of agricultural products shall transfer agricultural products, which are grown (produced) by him (her) to the purvey of a person who engaged in the purchase of such products for processing or sale.

2. To the relations in the contractual agreement, which are not regulated by the rules of this paragraph, shall apply the rules of the delivery contract (Article 458-477 of this Code).

Article 479. Duties of Purveyor

1. Unless another is provided by the contractual agreement, the purveyor must take agricultural products from the manufacturer at the site of its location and export it onwards.

2. In the case, where the agricultural products adopted at the place of purveyor, or other indicated place, the purveyor shall not be entitled to refuse acceptance of agricultural products in accordance with the contractual agreement and agricultural products must be transferred to the purveyor according to the terms of the contract.

The purveyor shall provide a precise definition of the quality of products according to the standards.

3. Contractual agreement may provide for an obligation of the purveyor, who is processing agricultural products, to return to the manufacturer upon his (her) request waste

from processing of agricultural products with a payment of the price determined by the contract.

Article 480. Responsibilities of the Producer of Agricultural Products

Agricultural producer shall be obliged to transfer to the purveyor grown (produced) agricultural products in quantity, quality and assortment specified in the agreement of contracting.

Article 481. Liability of the Producer of Agricultural Products

The producer of agricultural products, who has not performed the obligation or inappropriately performed the obligation shall be liable if he (she) guilty.

Paragraph 5. Energy supply

Article 482. Energy Delivery Contract

1. According to the energy delivery contract, the energy provider is obliged to provide the subscriber (user), with the energy through the connected network and the subscriber agrees to pay for the energy, and comply with regime of its consumption under the contract, to ensure the safe operation of the energy networks and serviceability of devices and equipment, related to energy consumption.

2. Energy delivery contract is public (Article 387 of this Code).

3. Terms and conditions of energy supply, which are binding on the parties, shall be determined in accordance with this code and other legislative acts.

Article 483. Conclusion and Extension of the Energy Delivery Contract

1. Energy delivery contract entered into contract with a Subscriber if he (she) has the necessary equipment, which is connected to the power supply networks in the order established by the legislation of the Republic of Kazakhstan.

2. In cases, where a subscriber under the contract of energy supply is a citizen, who is using energy for domestic consumption, the contract is considered to be concluded from the time of the first actual connection of the subscriber in the prescribed manner to the connected network.

Unless another is provided by agreement of the parties, such contract is concluded for an indefinite period and may be amended or terminated on grounds provided by Article 490 of this Code.

3. In the absence of a statement by one of the parties to terminate or amend the energy delivery contract at the end of the term, it is considered to be extended for the same period of

time and under the same conditions as were provided by the contract. With the extension of the contract for the new term, its terms and conditions may be amended by agreement of the parties.

4. If one of the parties before the end of the period of validity of the contract makes proposals for the conclusion of a new contract, the relationships between the parties are governed by the previous contracts before signing a new contract.

Footnote. Article 483 as amended by the Law of the Republic of Kazakhstan dated January 8, 2003 № 376.

Article 484. The Amount of Energy

1. The energy provider is obliged to give the subscriber the energy through the connected network in the amount specified in the contract, and in compliance with the regime, agreed by the parties. The amount of energy supplied by the power supply organization and the energy accepted by subscriber shall be determined in accordance with accounting data about its actual consumption.

2. The contract may provide the subscriber's right to change the amount of received energy specified in the contract, subject to compensation of the costs incurred by the power supply organization in connection with securing the power supply, which is not stipulated by the contract quantity.

3. In cases, where the subscriber under the energy delivery contract is a citizen, who is using energy for domestic consumption, he (she) is entitled to use the energy in the required amount to him (her). The amount of energy, which is supplied by the power supply organization and accepted by the subscriber shall be defined by the use of energy meters, and in their absence - by calculation.

Article 485. The Consequences of a Breach of the Contract on the Amount of Energy

If the power supply organization filed through the connected network to the subscriber less energy than provided in the contract shall be applied the rules provided in Article 419 of this Code, unless another is provided by legislation, contract or followed from the nature of the obligation.

Article 486. Energy Quality

1. Quality of the energy supplied by the power supply organization shall meet the requirements set by State standards and other normative documents for standardization or by provisions in the contract.

2. In the event that the energy provider breaches the requirements for the quality of energy , the rules provided in Article 491 of this Code shall be supplied, unless another provision is provided by legislation, contract or followed from the nature of the obligation.

Footnote. Article 486 as amended by the Law of the Republic of Kazakhstan dated 10.07.2012 № 31-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 487. Responsibilities of a Subscriber for Maintenance and Operation of Networks, Devices and Equipment

1. The subscriber shall be obliged to ensure proper technical condition and safety of existing energy networks, devices and equipment, comply with the established regime of energy consumption, as well as immediately report the power supply organization on accidents, fires, failures of energy meters and other violations that occur when using energy.

2. In cases, where the subscriber under the energy delivery contract is a citizen, who is using energy for domestic consumption, the duty to ensure the proper technical condition and safety of energy networks, as well as metering of energy consumption lies on power supplying organization, unless another is provided by legislative acts.

3. Requirements for technical condition and operation of the energy networks, devices and equipment are determined by law.

4. The subscriber is required to provide workers of energy providers with devices for monitoring the technical condition and safety of the energy networks, devices and equipment. Procedure for monitoring is carried out in compliance with the legislation.

Article 488. Payment for Energy

1. Energy payment is made for the actual amount of energy determined according to the indicators of meters, and in their absence or temporary damage according to, except for the automated commercial accounting of energy systems.

2. Settlement procedure for energy is determined by legislation or agreement of the parties

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Footnote. Article 488 as amended by the Law of the Republic of Kazakhstan dated 04.07.2012 №25-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 489. Transfer of Energy by a Subscriber to Another Person

1. The Subscriber can transfer energy, accepted by him (her) from the power supply organization to another person through the connected network (subscriber) only with the consent of the power supply organization.

2. To the contract on the transfer of energy to the subscriber by the subscriber shall apply the rules of this Article, unless another is provided by legislative acts or contract.

3. The subscriber remains responsible to the energy provider in the case of energy being transferred to the subscriber, unless another provision is provided by legislative acts.

Article 490. Changing and Termination of the Contract

1. Outage, termination or limitation of energy supply are permitted by agreement of the parties, except in the case, when the poor condition of power plants of the provider, which is certified by the body of State Energy supervision connected to the electricity networks threatens the life and safety of citizens. The power supply organization should warn the subscriber about the outage in feed, termination or limitation of energy supply in advance.

2. Outage, termination or limitation of energy supply without the consent of the subscriber and without warning him (her), but with immediate notification of him (her) may be allowed, if it is necessary, to take urgent measures to prevent or eliminate accidents on the system of power supply.

3. Outage, termination or limitation of the energy supply for continuous cycle production is not allowed and regulated by law.

4. In cases, when the subscriber under the energy delivery contract is a citizen, who is using energy for domestic consumption, he (she) shall be entitled to cancel the contract unilaterally by providing a notice to the power supply organization and full payment for the used energy.

5. In cases, when the subscriber under the energy delivery contract is a citizen, who is using energy for domestic consumption, the power supply organization shall have the right to withhold performance of the contract unilaterally, due to non-payment by the subscriber for the used energy by providing the subscriber one month's notice before ceasing energy supply.

Article 491. Liability Under the Contract of Energy Supply

1. In cases of non-performance or improper performance of obligations under the energy delivery contract, power supply organization and the subscriber shall be obliged to compensate the actual damage (paragraph 4 of Article 9 of this Code).

2. If, in the case of the regulation of energy consumption, which is carried out on the basis of the legislation, was allowed an outage in the power supply to the subscriber, the power supply organization shall be liable for nonperformance or improper performance of contractual obligations in the presence of its guilt.

Article 492. Application of the Rules of Energy Delivery Contract to Other Relations of Supply Through Connecting Network

1. For the relations on the supply of heat energy through the connected network the rules of electricity shall apply, unless alternative relations is provided by legislation.

2.To the relations on supplying through the connected network gas, oil and oil products, water and other goods shall apply the rules of this electricity, unless another is provided by legislation, contract or followed from the nature of the obligation.

Paragraph 6. Sale of Enterprise

Article 493. The Enterprise Sale Contract

1. According to the enterprise sale contract, the seller is obliged to transfer into the ownership of the buyer the enterprise on the whole as a property complex (Article 119 of this code), except for the rights and responsibilities, which the seller is not entitled to transfer to other persons.

2. Rights and obligations in relation to employees of the company shall pass from the seller to the buyer of enterprise in the manner prescribed by labor legislation of the Republic of Kazakhstan.

3. The right to use a company name, trademarks, service marks and other means of individualization of the seller and his (her) production, performed works or services, also the rights to use means of individualization, which are belonged to the seller on the basis of a license shall pass to the buyer, unless an alternative provision is provided by the contract.

4. Rights, which are obtained on the basis of the special permission (license) to engage in relevant activities cannot be transferred to the buyer of the company, unless another is provided by legislative acts. Introduction into obligations, which are passed by the enterprise sale contract and the performance of which by the buyer is impossible in the absence of the special permission (license), shall not exempt the seller from the respective obligations to creditors. By default the buyer and the seller are jointly liable to the creditors.

5. Features of the sale of state enterprises, where the company acts as a single property complex, are determined by the legislation of the Republic of Kazakhstan on state property.

Footnote. Article 493 as amended by the Laws of the Republic of Kazakhstan dated 15.05.2007 № 253; dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).

Article 494. Form of the Enterprise Sale Contract

Footnote. The Title of Article 494 is in the wording of the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

1. The enterprise sale contract is concluded in written form by creating a single document signed by the parties, with the obligatory annex documents referred to in paragraph 2 of Article 495 of this Code.

2. *Is excluded by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421 -IV (shall be enforced upon expiry of ten calendar days after its first official publication).*

Article 495. Establishment of the Structure and Assessment of Enterprise Value that shall be Sold

1. The structure and value of a company that shall be sold, are determined by agreement of the parties involved , unless another means is provided by legislative acts.

2. The following should be drafted and considered by the parties prior to the signing of the contract: the inventory, balance sheet, auditor's report on the structure and value of the company of the audit firm, and a list of all debts (liabilities), included in the structure of the company, with an indication of the creditors, the nature, size and timing of their requirements.

Property, rights and obligations referred to in these documents shall be transferred by the seller to the buyer, unless another is followed from Article 493 of this Code and provided by the contract.

Footnote. Article 495 as amended by the Law of the Republic of Kazakhstan dated May 5, 2006, № 139 (the order of enforcement see Article 2 of the Law of the Republic of Kazakhstan № 139).

Article 496. Creditor's Rights in the Sale of Enterprise

1. The party selling the company has an obligation to write to its creditors informing them of the selling of the company prior to its transfer to the buyer.

2. The creditor, who does not inform the seller in writing about his (her) consent to transfer the debt, may within three months from the date of receipt of the notification of the sale of the company, shall require either termination or early performance of obligation and compensation of damages by the seller, or the recognition of the company's sales contract invalid in whole or in part.

3. The creditor, who has not been notified on the sale of the company in accordance with paragraph 1 of this Article, may bring an action to satisfy the requirements of paragraph 2 of this Article, within a year from the day when he (she) knew or should have known about the transfer of the company by the seller to the buyer.

4. After the transfer of the company to the buyer, the seller and the buyer are jointly and severally liable for the debts of the company, which were transferred to the buyer without the consent of the creditor.

Article 497. Transfer of the Enterprise

1. Transfer of the enterprise to the buyer by the seller is carried out by the transfer act, which includes data on the structure of the enterprise and notification of creditors about the sale of the enterprise, as well as information on the identified shortcomings of the transferred property and a list of property, on which transfer duties are not possible due to its loss.

2. Preparation of the enterprise to transfer, including the preparation and presentation to the signing of the transfer act, is the responsibility of the seller and shall be made at his (her) expense, unless another is provided by the contract.

3. The enterprise is considered to be transferred to the buyer from the date of signing of the transfer act by both parties

From that moment on the buyer enters the risk of accidental loss or accidental damage of the property which is transferred as part of the enterprise.

Article 498. Transfer of Rights to the Enterprise

Footnote. The title of Article 498 is in the wording of the Law of the Republic of Kazakhstan dated 25.03.2011 No 421-IV (shall be enforced upon expiry of ten calendar days after its official publication).

1. The right to property, which is part of the enterprise, subject to state registration shall pass to the buyer from the moment of registration. The right to the rest of the property is passed from the moment of signing the transfer act by both parties.

2. *Is excluded by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421 -IV (shall be enforced upon expiry of ten calendar days after its first official publication).*

3. In cases, where the contract provides for reservation of the seller's ownership to the enterprise, which is passed to the buyer until payment or before the occurrence of other circumstances, and before the transferring of the rights to the buyer, the buyer has the right to dispose of property and ownership rights, included in the structure of the enterprise to the extent, which is necessary for the operation of the activity of the enterprise as a property complex.

Footnote. Article 498 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421 -IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 499. Consequences of the Transfer and Adoption of Enterprise with Disabilities

1. Consequences of the seller's transfer and the buyer's acceptance of the enterprise on the transfer act, which structure is not appropriate by the contract, including the quality of the transferred goods, shall be determined under the rules provided in Articles 413-415, 419, 422, 428 and 432 of this Code, unless another is not followed from the contract and provided by items 2-4 of this Article.

2. In cases, where the enterprise is transferred to and accepted by the transfer act, which provides information about the identified shortcomings of the enterprise and lost property (paragraph 1 of Article 497 of this Code), the buyer shall be entitled to demand a reduction of the purchase price of the enterprise, if the right to bring other requirements in such cases is not provided by the contract.

3. The buyer shall be entitled to demand a reduction of the purchase price in the case of transferring the enterprise in the debts (liabilities) of the seller, which were not specified in

the contract or the transfer act, unless the seller can prove that the buyer knew about debts (liabilities) at the time of conclusion of the contract and the transfer of the enterprise.

4. The seller in the case of recipient of the buyer's notice on the shortcomings of the property, transferred within the enterprise, or the absence of certains of property, which should be transferred, shall immediately replace the property of inadequate quality or provide the buyer the missing property.

5. The buyer is entitled to demand in a judicial proceeding dissolution or change of the sale contract of the enterprise and return of what the parties executed by the contract, if it is established that the enterprise in view of defects for which the seller is responsible, is not suitable for the purpose mentioned in the contract of sale and these deficiencies are not eliminated by the seller on conditions, in the terms and order prescribed in accordance with this code, legislation or contract or remedial of these defects is impossible.

Article 500. Application to the Enterprise Sale Contract the Rules about the Consequences of the Invalidity of Legal Transactions and Dissolution and Change of the Contract

The rules of this Code on the consequences of the invalidity of legal transactions and on the dissolution and change of the sale contract, which is providing for refund or vindication in kind of received by the contract from one or both of the parties, shall apply to the contract of sale the enterprise, if such an effect did not significantly violate the rights and the interests of creditors, sellers and buyers, and others, which are protected by legislation and do not conflict with the public interest.

Chapter 26. Barter

Article 501. Barter Contract

1. On the barter contract, each party shall transfer into ownership of the other party economic management, operational control for one product in exchange to another.

2. To the barter agreement shall be applied the rules of the sale contract, whereas it is not against the rules of this chapter, and the essence of barter. In addition, each of the party recognized as the seller of goods, which he (she) shall be obliged to transfer and the buyer of goods, that he (she) shall be obliged to accept in exchange.

3. The provisions of this Chapter shall apply to the exchange of rights (works, services), unless another means is provided by legislative acts or followed from the nature of the corresponding obligations.

Article 502. Prices and Costs of a Barter Contract

1. Unless mentioned otherwise in the contract, the exchanged goods are assumed equivalent, and the costs of their transfer and acceptance are carried out in each case by the party that carries its obligations.

2. In cases, where, in accordance with the contract exchangeable goods are unequal, the party, who is obliged to transfer goods, whose price is lower than the price of the goods offered in exchange, must pay the difference in price immediately before or after the execution of his (her) obligation to transfer goods, unless another is provided by the contract.

Article 503. Performance of Mutual Obligations to Transfer Goods Under a Barter Agreement

In cases where, in accordance with the contract, the terms of transferring of exchanged goods are not identical, the performance of the obligation to transfer the goods by the party, who should transfer the goods after transferring the goods by the other party, shall be applied the rules on the performance of mutual obligations (Article 284 of this Code).

Article 504. Transfer of Ownership to the Exchanged Goods

Unless the legislation or the contract provides alternative provisions, the right to ownership of the exchanged goods shall pass to the parties who are acting on a barter agreement as buyers, at the same time after the party's execution of obligations to transfer the goods.

Article 505. Responsibility for the Seizure of Goods Purchased Under the Barter Agreement

The party whose goods, purchased by barter are seized by the third party, may at the grounds specified in Article 414 of this Code, to require the other party return the goods received in the Exchange, and in the case of impossibility of obtaining goods in kind - its cost
.

Chapter 27. Donation

Article 506. Donation Contract

1. Under the donation contract one party (the donator) donates transfers or undertakes to transfer to the other party (the recipient) an item of property or property right (claim) to him(her)self or to a third person, or releases or undertakes to release him (her) from the property liability before him (her) or to a third person.

In the presence of the counter transfer of the thing or the rights or counter-obligations, the contract is not recognized as a donation. To such contract shall apply the rules provided in paragraph 2 of Article 160 of this Code.

2. Promise to donate any item or property right or to release someone from the property liability (promise of donation) is recognized as a gift contract and binds a person if the promise made in the proper form (paragraph 2 of Article 508) and has clearly expressed intention to commit in the future, the donation of a thing or right to a specific person or release him (her) from the property liability.

Promise to give all his (her) property or part of them, without specifying a particular object of donation in the form of things and rights or an exemption from obligations is not valid.

3. Contract providing the transfer of the gift to the recipient after the death of the donor is not valid.

To this kind of donation shall be applied the rules of this Code on inheritance.

Article 507. Recipient's Disclamation to Accept the Gift

1. The recipient shall have the right at any time before the transfer of the gift to him (her) refuse from it. In this case, the donation contract shall be terminated.

2. If a donation contract is concluded in writing, the refusal of the gift must be made in writing. In the case, where the contract of donation is registered, refusal to accept a gift also is subject to state registration.

3. If a donation contract is concluded in writing, the donor has the right to demand compensation from the recipient for actual damages caused by the refusal to accept the gift.

Footnote. Article 507 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 508. Form of a Donation Contract

1. Donation, accompanied by the transfer of the gift to the recipient, can be made orally, except in the cases provided by paragraphs 2 and 3 of this Article. Transfer of gift is performed by its presentation, symbolic transfer (handing keys etc.) or delivery of entitling documents.

2. Contract on donation of movable property must be concluded in writing in the following cases:

1) the recipient is a legal entity and the value of the gift is more than ten times the monthly calculation index, established by legislative acts;

2) the contract contains the promise of donation in the future.

In the cases, provided in this paragraph, the donation contract, which is perfected in speech, is not valid.

3. *Is excluded by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).*

Article 509. Prohibition of Donation

Donation is not allowed, except for the usual gifts whose cost does not exceed the ten times monthly calculation index, established by legislative acts:

1) on behalf of minors and citizens, who are recognized as non-capable, their legal representatives;

2) health care workers, workers of educational institutions, social protection and other similar institutions, citizens who are in them for treatment, maintenance or education, spouses and relatives of these individuals;

3) public servants and their family members in connection with the official position of public servants or in connection with the performance of their duties.

Footnote. Article 509 as amended by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).

Article 510. Limitations of Donation

1. The legal entity to whom a thing belongs on the right of economic management or operative control, shall have the right to present it with the consent of the owner, unless another is provided by legislation. This limitation does not apply to the usual gifts, whose cost does not exceed the ten monthly calculation index, established by legislative acts.

2. Donation of property, which is jointly owned, is allowed with the consent of all the participants of joint ownership in accordance with the rules provided in Article 220 of this Code.

3. Donation belonging to the donor of the claim to a third party shall be subject to the rules provided in Articles 339 - 343, 345 and 346 of this Code.

4. Donation through the execution of duties of the recipient before a third person shall be subject to the rules provided by paragraph 1 of Article 276 of this Code.

Donation through transferring by the donor the debt of recipient before the third party shall be subject to the rules provided in Article 348 of this Code.

5. The Power of Attorney for a representative of the donation, where the recipient is not named and not specified as the object for donation, is not valid.

Article 511. Repudiation to Execute the Donation Contract

1. The donor has the right to refuse to perform the contract, containing a promise to transfer to the recipient in the future property or ownership rights of a property or a promise to release the recipient from property liability, if after the conclusion of a contract, the property or family status or the donor’s health has changed so much that performance of the contract under the new conditions will significantly reduce his (her) life.

2. The donor has the right to refuse to perform the contract, containing a promise to transfer to the recipient property or ownership rights or a promise to release the recipient of property liability in the future, on the grounds that gives him (her) the right to cancel the donation (paragraph 1 of Article 512 of this Code).

3. The donor's refusal to perform the donation contract on the grounds specified in items 1 and 2 of this article does not give the recipient the right to claim damages.

Article 512. Cancelling the Donation

1. Donor has the right to cancel the donation, if the recipient made an attempt on his (her) life, the life of any member of his (her) family or close relatives, or intentionally caused bodily harm to the donor.

In the case of intentional deprivation of the donor's life by the recipient, the right to demand the abolition in the court belongs to the heirs of the donor.

2. The donor is entitled to request cancellation the gift by judicial procedure, if the recipient's treatment of the gift, which represents to the donor a great non-property value, is threatening its irretrievable loss.

3. At the request of an interested person, the court may cancel the donation made by the individual entrepreneur or legal entity in violation of the provisions of the legislation on bankruptcy, at the expenses of enterprise activities, in the year before the announcement of such a person, who is declared bankrupt.

4. The contract of donation may be stipulated donator's right to cancel the donation, if the recipient will outlive him (her).

5. In case of cancellation of a donation, the recipient must return the gift thing, if it still exists in nature at the time of cancellation of the donation.

Article 513. Cases in which a Refusal to Perform the Donation Contract and the Cancellation of Donation is Impossible

The rules on non-performance of the contract of donation (Article 511 of this Code), and the abolition of donation (Article 512 of this Code) shall not apply to gifts for which the value does not exceed ten monthly calculation index, established by legislative acts (paragraph 1 of Article 510 of this Code).

Article 514. Consequences of Injury Due to the Deficiencies of the Donated Things

Damage to life, health and property of the donated citizen, as a result of deficiencies of the donated things, shall be compensated by the donor in accordance with the rules provided by Chapter 47 of this Code, and if it is proved that these defects have arisen before the transfer of things to the recipient and are not in the range of obvious, the donor, even though he (she) knew about them, did not warn the recipient.

Article 515. Legal Succession in the Promise of Donation

1. The rights of a recipient, who promised a gift under the donation contract, shall not pass to his (her) heirs (the successors), unless another is provided by the contract of donation.

2. The duties of the donor, who promised a gift under the donation contract, shall pass to his (her) heirs (successors), unless another is provided by the contract of donation.

Article 516. Donations

1. Donation is the giving of property or rights for socially useful purposes.

Donations can be made to citizens, therapeutic establishments, educational institutions, social security institutions and other similar institutions; charitable, scientific and academic institutions; foundations, museums and other cultural institutions; public and religious associations; as well as the state and other actors of civil rights referred to in Articles 111 and 112 of this Code.

2. To adopt a donation does not required anyone's permission or consent.

3. Donation of property to a citizen should be, and to the legal entity may be due to the use of the property by the donor for a specific purpose. In the absence of such conditions, donation of the property to a citizen is considered to be an ordinary donation, and in other cases the donated property shall be used by the recipient in accordance with the purpose of the property.

A legal entity that receives donations, which is set for a specific purpose, shall keep separate accounting of all transactions for the use of donated property.

4. If the use of the donated property in accordance with the specified purpose of the donor is impossible due to the changed circumstances, it can be used for other purposes only with the consent of the donor and, in the case of death of the citizen-donor or liquidation of a legal entity-donor - by court decision.

5. Use of donated property is not in accordance with the specified purpose of the donor or changing the assignment in violation of the rules provided by paragraph 4 of this Article, shall entitle the donor, his (her) heirs or other successor to demand the abolition of the donation.

6. Donations do not apply Article 512 and 515 of this Code.

Chapter 28. Rent and lifetime support of a maintenance

Paragraph 1. General provisions

Article 517. Annuity Contract

1. Under an annuity contract, one party (the recipient of rent) transfers to another party (payer of rent) to the ownership of a property, and a rent payer agrees in exchange for obtained property to pay periodically to the recipient the rent in the form of certain sum of money or the provision of funds for its maintenance in a different form.

2. Under an annuity contract is allowed to establish the obligation to pay rent in perpetuity (permanent rent) or for the recipient's lifetime rent (lifetime annuity). Lifetime annuities can be established under the conditions of life of the citizen with the dependent.

Article 518. The Form of Annuity Contract

Annuity contract is subject to notary certification

Footnote. Article 518 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 519. Disposal Of Property For Rent Payment

1. The property, which is disposed for rent payment may be transferred by the payer of rent into the ownership of the recipient of rent with paying for a fee or for free.

2. In cases, where the annuity contract provides for the transfer of the property for a fee, to the relations of parties on transferring and payment shall be applied the rules of the sale contract (Chapter 25 of this Code), and in cases, where such property is transferred for free shall be applied the rules on the contract of donation (Chapter 27 of this Code), unless another is provided by the rules of this Chapter and is not contradict to the essence of the contract.

Article 520. Encumbrance Of Real Property By Rent

1. Rent encumbers the right to land, as well as enterprise, building, structure or other real property, which is transferred under its payment. In case of payer's disposal to such property, his (her) obligations under the rent contract transferred to a recipient of property.

2. The person who sent the rent encumbered property, specified in paragraph 1 of this Article, into the ownership of another person, shall bear subsidiary liability (Article 357 of this Code) according to the requirements of recipient of the rents arising in connection with the violation of the annuity contract, unless the this Code, other legislation or a contract does not provide joint and several liability under this obligation.

Article 521. Ensuring The Payment Of Rent

1. When transferring the payment for rent, the rights to land or other real property, the rent recipient is responsible for ensuring that the rent payer accrues the right of lien on the property.

2. An essential condition of the contract, including the transfer of money for rent payment or other movable property, is a condition that establishes the rent payer's obligation to provide security for the performance of these obligations (Article 292 of this Code) or insurance for the recipient of rent the risk of liability for non-performance or improper performance of these obligations.

3. Failure of rent payer to fulfill the obligations under paragraph 2 of this Article, as well as in case of loss or deterioration of the security software to circumstances for which the recipient does not respond, the rent recipient may terminate the annuity contract and demand compensation for damages caused by the termination of the contract.

Article 522. Responsibility For Late Payment Of Rent

For delay in the payment of rent the rent payer pays to the recipient the forfeit in the amount specified in Article 353 of this Code, unless a different amount of the forfeit is set by the contract.

Paragraph 2. Permanent rent

Article 523. Recipient Of A Permanent Rent

1. The recipients of permanent rent may only be citizens and non-profit organizations, if it meets the objectives of their activities.

2. Rights of the recipient of rent under the permanent rent contract may be transmitted to the persons referred to in paragraph 1 of this Article, by assignment of a claim and descend or legal succession in the reorganization of legal entities, unless another is provided by legislation or contract.

Article 524. The Form And Amount Of Permanent Rent

1. Permanent rent is paid in cash in the amount specified by the contract.

2. The contract may provide for payment of rent by providing things, works or services corresponding to the value of the monetary amount of the rent.

3. Unless another is not stipulated in the contract, the amount of paid rent varies in proportion to the monthly calculation index, established by legislative acts.

Article 525. Terms Of Payment Of Permanent Rent

Unless another is provided by contract, permanent rent is paid at the end of each calendar quarter.

Article 526. The Right Of The Payer To Purchase Permanent Rent

1. A permanent rent payer shall be entitled to refuse further payment of rent by its redemption.

2. Such a waiver shall be valid, in the case if it is declared in writing by the rent payer, not later than three months before the termination of the rent payment or for a longer period stipulated in the contract. In this case, the obligation to pay rent shall not stop until the full amount of the redemption shall not be received by the recipient of rent, unless a different procedure for redemption is provided by the contract.

3. A condition of the contract to refuse of the permanent rent payer from the right to its redemption is not valid.

The contract may provide that the right of redemption of permanent rent cannot be exercised during the lifetime of the recipient of rent or within a period not exceeding thirty years from the date of conclusion of the contract.

Article 527. Redemption Of Permanent Rent On Demand Of Rent Recipient

The recipient is entitled to demand the redemption of rent by the rent payer in cases where :

1) rent payer has delayed its payment for more than one year, unless another is provided by contract;

2) rent payer violated his (her) obligation to ensure the payment of the rent (Article 521 of this Code);

3) rent payer is declared insolvent or there are any other circumstances, which are clearly indicated that the rent will not be paid in the amount and terms established by the contract;

4) real property transferred under the payment of rent, are received by the common property or divided among several persons;

5) in other cases provided by the contract.

Article 528. Redemption Price Of Permanent Rent

1. Redemption of permanent rent, in the cases provided in Articles 526 and 527 of this Code, is made at a price established by the contract.

2. In the absence of the condition of the purchase price in the contract, under which the property is transferred for a fee for the rent payment, redemption is fulfilled at the price corresponding to the amount of annual rent payments.

3. In the absence of the conditions of the purchase price in the contract, under which the property transferred for free of charge for rent payment, in the redemption price, together with the annual rent amount is included the price of transferred property.

Article 529. The Risk Of Accidental Loss Or Accidental Damage Of The Property, Transferred For Payment Of Permanent Rent

1. The rent payer is obliged for the risk of accidental loss or accidental damage of the property, which is transferred free of charge for payment of permanent rent.

2. In the case of accidental loss or accidental damage of the property, which is transferred for a fee for permanent rent, the rent payer has the right to demand termination liabilities, respectively on payment of rent or change the conditions of its payments.

Paragraph 3. Life Annuity

Article 530. Recipients Of Life Annuity

1. Life annuity may be established for a period of life of the citizen, who is transferring the property for rent payment, or for the life period of another citizen, indicated by him (her).

2. Establishment of a life annuity in favor of several citizens is allowed, if their shares in the right to receive rent are equal, unless another is provided by the contract.

In the event of the death of one of the recipients of rent, his (her) share in the right to receive rent goes to the recipients, who has outlived him (her), unless another is provided by the contract, and in the event of the death of the last recipient of the rent the obligation to pay rent shall be terminated.

3. The contract, establishing a life annuity for the citizen, who had died by the time of conclusion of the contract, is not valid.

Article 531. Amount Of Life Annuity

1. Life annuity is defined in the contract as the amount of money paid to the recipient of rent periodically throughout his (her) life. In cases, where the parties conclude a contract of life maintenance with dependent, in the contract must be determined the monetary value of such support.

2. Unless another is provided by the contract of a life annuity, the amount of payable rent per month should not be less than the minimum wage established by the legislative acts.

Article 532. Periods Of Payment Of Life Annuity

Unless another is provided by the contract, life annuity is payable at the end of each calendar month.

Article 533. Termination Of The Contract Of Life Annuity At The Request Of The Recipient Of Rent

1. In the event of a essential breach of the contract by the payer of rent, the rent recipient has the right to demand the redemption of rent from the payer of rent under the conditions provided in Article 528 of this Code, or the termination of the contract.

2. If for a payment of life annuity is disposed free an apartment, a house or other property, the recipient of the rent is entitled to demand the return of the property with the deduction of its cost in the expense of purchase price of rent, in the case of material breach of the contract by a payer of rent.

Article 534. The Risk Of Accidental Loss Of The Property, Transferred For The Rent Payment

Accidental loss or accidental damage of the property, which is transferred for payment of a life annuity, cannot relieve the payer of rent from the obligation to pay rent under the conditions provided in the contract.

Paragraph 4. Lifelong Maintenance of a Dependent

Article 535. Contract Of Life Annuity With Dependence

1. Under a contract of life annuity with dependence, the recipient of the rent-a citizen passes the real property belonging to him (her) in property of rent payer, who undertakes to carry out a life annuity with a dependant of the citizen, and (or) a third party, specified by him (her).

2. By contract of life annuity with a dependent shall be applied the rules of the life annuity , unless another is provided by the rules of this paragraph.

Article 536. The Obligation To Provide The Maintenance With A Dependent

1. The obligation of a rent payer to provide maintenance with a dependent may include ensuring the needs for housing, food and clothing, care and assistance.

The contract may also provide the rent payer's payment for funeral services.

2. The contract shall determine the total cost of maintenance of a dependent. The total amount of maintenance per month cannot be less than two minimum wages established by the legislative acts.

3. At the resolution of the dispute between the parties on the amount of maintenance that is provided or should be provided to the citizen, the Court must be guided by the principles of fairness and reasonableness.

Article 537. Replacing The Life Annuity To Periodical Payments

The contract may provide the possibility to replace the provision of maintenance of a dependent in kind by the periodical payments in cash.

Article 538. Alienation And Use Of Property, Transferred To Ensure Permanent Alimony

1. Rent payer shall be entitled to dispose, lease mortgage or otherwise encumber real property, which is transferred to him (her) for ensuring a lifetime support, and only with the prior consent of the recipient to rent.

2. Rent payer is obliged to take the necessary measures to ensure that, while providing permanent alimony with dependent the use of property does not lead to a decrease in the value of that property in excess of the value of its natural wear.

Article 539. Termination Of Permanent Alimony With Dependent

1. The obligations of permanent alimony with dependent shall be terminated with the death of the recipient of rent.

2. With a material breach of his (her) obligations by the rent payer, the rent recipient shall have the right to demand the return of real property transferred for ensuring permanent alimony or paying him (her) the purchase price under the conditions established in Article

528 of this Code. In this case, the payer of the rent shall not have the right to demand compensation for expenses, which are incurred in connection with the maintenance of the rent recipient.

Chapter 29. Property lease (rent)

Paragraph 1. General provisions

Article 540. Contract For Lease Of Property

1. Under the contract of property lease the landlord shall be obliged to provide the tenant for payment a property for temporary possession and use.

2. In the cases and procedure established by this Code, the hirer has the right to dispose of the rented property.

3. To contracts of property lease also include leasing, hire, and others of contracts related to the transfer of the property for a payment for temporary use.

Article 541. Objects Of Property Lease

1. In the property lease can be transferred the companies and other property complexes, land, buildings, constructions, equipment, vehicles and other things that do not lose their natural properties in the course of their use (inconsumable things).

2. The object of property lease may also be the land use right, the subsoil use right or other proprietary rights, unless another is provided by legislation.

3. The legislative acts can establish thees of property, the delivery of which to the property of lease is prohibited or limited.

4. The legislative acts can establish the peculiarities of deposit for property lease of residential premises, land plots, subsoil and other separate natural objects, also including on the basis of concession agreements, as well as in other cases.

5. Features of rent of State property in the lease property are established by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 541 as amended by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).

Article 542. Terms And Conditions Of Lease Contract

In the property lease contract must be specified the data, to set the property, which shall be transferred to the hirer as an object of property lease.

In the absence of these data in the contract, the condition about the object, which shall be transferred to the property lease, is considered to be non-consensual by the parties, and the respective contract is not concluded.

Article 543. The Lender

Right to surrender the property for rent belongs to the owner.

The lender may also be the persons authorized by legislative acts or the owner to lease the property for rent.

Article 544. The Form Of Property Lease Contract

1. The lease contract for a period exceeding one year, and if at least one of the parties of the contract is a legal entity regardless of the length, must be concluded in writing.

2. *Is excluded by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).*

3. The lease contract between the citizens for up to one year may be concluded orally.

4. The lease contract, which is providing the subsequent transfer of ownership right for the property to the tenant, shall be concluded in the form of the sale contract to such property.

Footnote. Article 544 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011-IV № 421 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 545. Term Of The Property Lease Contract

1. Property lease contract shall be concluded for a period specified by the contract.

2. If the property lease contract entered into without a deadline, it is concluded for an indefinite period.

Each party shall be entitled to cancel the agreement at any time by notifying the other party before three months-in the hiring of real property and for one month in the hiring of another property, if the legislative acts or the contract provides otherwise.

3. The legislative acts can establish the maximum (limit) contract term for certains of tenancy, as well as for the recruitment of certains of property. In these cases, if the term of contract is uncertain and none of the parties cancel the contract before the expiry of the deadline set by legislative acts, the contact shall be terminated after the deadline.

In this case, the property lease contract, which is exceeding the limit specified by legislative acts, shall be concluded for a period equal to the maximum (limit).

Article 546. Payment Under The Property Lease Contract

1. Fees for the use of rented property shall be paid by the hirer in accordance with the terms and in the form established by the contract, unless another is provided by legislative acts. In cases, where they are not defined by the contract, it is believed that the established procedure, terms and format, are usually used in hiring a similar property under comparable circumstances.

2. Payment is established for all rented property as a whole or separately for each of its parts in the form of:

1) defined as a fixed amount of payments, which is made periodically or at a time;

2) fixed percentage, obtained from the use of rented property, products, fruits or revenues;

3) provision of certain services by the hirer;

4) transfer by the hirer to the landlord a contractual thing in the ownership or lease;

5) assignment on the hirer costs to improve the rented property by the contract.

Parties may include in the contract a combination of these forms of payment for the use of the property or other forms of payment.

3. The payment for use of the property can be changed only once a year, unless another is provided by agreement of the parties. The legislative acts may provide other minimum terms to review the amount of payment for certains of property lease, as well as for hiring of certains of property.

4. Amount of payment can be revised at the request of one of the parties in the cases of changes in prices and tariffs, which are set centrally.

5. The hirer has the right to demand a corresponding reduction of fees, if due to circumstances for which he (she) is not responsible, the conditions of use specified in the contract cannot be satisfied, or the condition of the property have deteriorated significantly, and if legislative acts provides otherwise.

6. Unless another is provided by the contract, in the event of a material breach the terms of payment for the use of the property by the hirer, the landlord shall be entitled to demand from him (her) an early payment within the prescribed period of the landlord. In this case, the landlord shall not have the right to demand advance payment for more than two consecutive terms.

Article 547. Provision Of Property To The Hirer

1. The landlord must give to the hirer the property in a condition corresponding to the contract and the purpose of the property.

2. The property is rented together with all its accessories and related documents (the documents certifying the completeness, safety, quality of assets, operating procedure, etc.), unless alternative conditions are provided by the contract.

If such accessories and documents were not transferred, and without them, the hirer cannot use the property in accordance with its purpose or substantially deprived of what, he (she) was entitled to expect under the contract, he (she) may demand the landlord to provide him (her) of such accessories and documents or terminate the contract.

3. If the landlord has not provided the hirer with lease property in the term indicated in the contract, and if the contract does not specify such period, within a reasonable time, the hirer has the right to demand from him (her) the property under Article 355 of this Code or termination of the contract.

Article 548. Landlord Liability For Defects Handed Over For Rent Property

1. Landlord is liable for the defects of rented property, which are fully or partially prevent the usage of the property, even if at the time of conclusion of the contract, he (she) was not aware about these deficiencies.

Upon detection of such defects, the hirer has the right on his (her) option to require from the landlord:

1) address to eliminate the deficiencies of the property without compensation;

2) decrease in proportion the hired fee;

3) withhold the sum of expenses incurred to resolve these defects from the property charges for usage, after notifying the landlord;

4) early termination of the contract.

2. The landlord, who is informed about the requirements of the hirer or his (her) intention to address the shortcomings of the property at the expense of the landlord, can immediately replace with the consent of the hirer the provided lease property to other similar property in good condition or eliminate the deficiencies of the property free of charge.

3. If compliance with the requirements of the hirer or withholding by him (her) the costs to eliminate deficiencies from the payment for the usage of the property shall not cover the damages caused to the hirer, he (she) has the right to demand compensation for uncovered part of losses.

4. Landlord is not responsible for the deficiencies of the surrendered lease property, which had agreed at the conclusion of the contract or were previously known to the hirer.

Article 549. Rights Of Third Parties On The Rental Property

1. Transfer of the property for rent is not grounds for termination or change of any third party rights to this property.

2. At the conclusion of the contract the landlord is obliged to notify the hirer about all rights of third parties to the rental property (servitude, the right mortgage etc.).

Failure to follow this rule gives the hirer the right to claim reduction in payment for use of the property or the termination of the contract.

Article 550. Use Of Rented Property

The hirer is obliged to use the property in accordance with the terms of the contract, and if such conditions are not defined in the contract, in accordance with the purpose of the property .

Article 551. Limits Of Instructions Of The Hirer By The Rented Property

1. The hirer may, with the consent of the landlord to take the rented property to sublet (sublease), transfer his (her) rights and obligations under the contract of property lease to another person (transfer of lease), provide the rented property for free usage, and to give these

rights to pledge and contribute them as a contribution to the registered capital of enterprise partnerships, joint-stock companies or contribution in the industrial cooperative, unless another is provided by legislative acts. In these cases, except sublease, responsibility under the contract before the landlord remains the hirer.

2. Contract on the transfer of property to other persons cannot be concluded for a period exceeding the period of the contract of rent.

3. The rules of the property lease contract shall be applied to the sublease contract, unless another is provided by legislative acts.

Article 552. Duties Of The Landlord On The Maintenance Of The Surrendered Lease Property

1. The landlord is responsible for conducting, at his (her) own expense, capital repairs of the rented property in the terms agreed by the parties, unless an alternative provisions are provided by legislation or contract.

2. Landlord is obliged to provide repairs, at his (her) own expense, caused by the urgent need, that is arising due to circumstances for which the hirer does not respond, within a reasonable time, unless another is provided by legislation or contract.

3. The landlord's failure to perform duties on capital repairs shall give the hirer the right to choose:

1) to repair him(her)self and recover from the landlord cost of repair;

2) set off the repair cost in payments under the contract;

3) require a corresponding reduction in payment under the contract;

4) to cancel the contract.

Article 553. Duties Of The Hirer On The Maintenance Of The Rented Property

The hirer is obliged to maintain the property in good condition and make at his (her) own expense repairs and bear the expenses of the property, unless another is provided by law or contract.

Article 554. Property Right Of The Hirer To Products, Fruits And Other Incomes From The Rented Property

Products, fruits and other incomes received by the hirer from the use of rented property shall be his (her) property, unless another is provided by legislative acts or contract.

Article 555. Improvements Of The Property

1. Separable improvements of the rented property made by the hirer, shall be his (her) property, unless otherwise specified by contract.

2. In the case, where the hirer has made at his (her) own expense and with the consent of the landlord, inseparable improvements without harm to the rented property, he (she) shall be

entitled, after the termination of the contract to compensate the cost of these improvements, unless another is provided by the contract.

3. The cost of inseparable improvements made by the hirer without the consent of the landlord shall be non- refundable, unless another is provided by legislative acts or contract.

Article 556. Amendment And Termination Of The Property Lease Contract On Demand Of One Of The Parties

1. At the request of one of the parties the lease contract may be amended or terminated prematurely by the courts in the cases provided by this Code and other legislative acts or the contract.

2. At the request of the landlord the lease contract can be terminated and the property returned to the landlord in the following cases:

1) if the hirer uses the property with a material breach of contract or purpose of property, despite a written warning of the landlord on termination such actions;

2) if the hirer intentionally or recklessly damages the property significantly;

3) if the hirer fails to make the contractual payment for the use of the property more than twice;

4) if the hirer does not make the capital repairs of the property under the terms, established by the contract or in the absence of them in the contract-within a reasonable period of time in cases, where in accordance with legislative acts, or according to the contract the obligation of capital repairs rests on the hirer.

The landlord has the right to demand early termination of the contract only after giving the hirer a possibility for the execution of his (her) obligation within a reasonable period of time.

3. The contract can be dissolved ahead of time at the request of the hirer in the following cases:

1) the landlord does not provide a property for use to the hirer or creates obstacles in the use of property, in accordance with the terms of the contract or the purpose of the property;

2) the landlord does not perform his (her) responsibilities on making capital repairs of the property within the established terms of the contract, and in the absence of them in the contract - within a reasonable period of time;

3) the property, transferred to the hirer has deficiencies, which are preventing its use, and were not specified by the landlord in the contract and were not previously known to the hirer and could not be found during inspection of the property, or on check the health on the conclusion of the contract;

4) if the property due to circumstances, for which the hirer is not responsible, shall be in such a poor condition that it is unsuitable for use.

Article 557. The Priority Right Of The Hirer For Conclusion Of A Contract For The New Term

1. The hirer, who is properly performed his (her) duties has, unless another is provided by legislative acts or contract, after the expiration of the contract and upon all other things being equal, priority right over other persons to conclude a lease contract for a further term. The hirer is obliged to notify the landlord about a desire to conclude such a contract within the period specified in the rent contract, unless such period is not specified in the contract, within a reasonable time prior to the expiration of the contract.

2. At the conclusion of the lease contract for a new term, the contract terms and conditions may be amended by agreement of the parties.

3. If the landlord refuses the hirer's request to conclude a contract for a new term, but within a year from the date of expiry of the contract concludes a lease contract with another person, the hirer may at his (her) own option to require in the Court to transfer rights and obligations under the concluded contract and compensation for damages caused by the refusal to renew the contract, or only compensation for damages.

Article 558. Renewal Of The Property Lease Contract

If the hirer is continuing to use the property after the expiration of the contract and in the absence of any objection by the landlord, the contract shall be renewed under the same conditions for an indefinite period of time. In addition, each party shall have the right at any time to withdraw from the contract, by notifying in writing the other party with not less than three months' notice - in the hiring of real property and for a month - in the hiring of another property, unless the legislative acts or the contract provides another.

Article 559. Preservation Of The Property Lease Contract In Force When The Parties Change

1. The transfer of the property right, the right of economic management or operative control for a rented property to another person shall not be grounds for amendment or termination of the property lease contract.

2. In the event of the death of a citizen, who is a hirer of the real property, his (her) rights and obligations under a contract of lease property shall pass to the heir, if the legislation or the contract provides another.

Landlord is not entitled to refuse such an heir in joining to the contract for the remaining term, except the cases, when the contract was due to the personal qualities of the hirer.

Article 560. Dependence Of The Sublease Contract From The Main Lease Contract

1. Unless otherwise specified by the lease contract, the early termination of the lease contract shall result in the termination of the sublease contract, which is concluded in accordance with the lease contract.

2. If the lease contract shall be found to be invalid as found on these grounds, then the sublease contract shall be invalid too.

Article 561. Return Of The Property To The Landlord In The Termination Of The Contract

1. After the termination of the lease contract, the hirer shall be obliged to return the landlord's property in the same condition in which it was received, subject to normal wear and tear or in the condition of the contract.

2. If the condition of the return property at the termination of the contract does not comply with the conditions specified in paragraph 1 of this Article, the hirer shall compensate the landlord for damages. If the property rented for lease, leaves of early period of service, provided in the contract, the hirer shall compensate to the landlord the residual value of the property, unless otherwise provided by the contract.

3. If the hirer does not return the rented property or returns it late, the landlord is entitled to demand payment for the use of the property for all the time of delay. In the case, where the indicated payment does not cover losses caused to the landlord, he (she) may demand compensation for them.

4. In case, where for late return of the rented property, the contract provides a forfeit, damages may be recovered wholly over the forfeit, unless another is provided by the contract.

Article 562. Transition Of The Property To The Ownership Of The Hirer

1. If it can be established in the rent contract that the rented property shall become the property of the hirer under conditions determined by the agreement of parties.

2. If the condition of redemption of the rented property is not declared in the contract, it can be established by additional agreement of the parties, who in this case shall have the right to agree on the offset of previously paid fees for the use of property in the purchase price.

3. The legislative acts may establish the cases where the redemption of rented property prohibited.

Article 563. Protection The Rights Of The Hirer

Hirers are ensured the protection of their rights on the rented property equally with the rights of landlords.

The landlord is not liable before the hirer for breach of use from the violent actions of third parties who do not have any rights to the rented property.

The hirer has the right to sue or otherwise protect his (her) rights on his (her) behalf.

Article 564. Characteristics Of Certains Of Lease Property And Hiring Of Certain Property

For certains of contract for property lease and contracts for hiring of certains of property (leasing, leasing companies, leasing buildings, rental vehicles, rent) shall apply the provisions of this paragraph, unless another is provided by the laws and rules of this Code on them.

Footnote. Article 564 as amended by the Law of the Republic of Kazakhstan dated July 5, 2000 № 75-II.

Paragraph 2. Leasing

Article 565. Lease Agreement

1. Under the lease agreement the lessor undertakes to purchase and own a property specified by the lessee from the seller and give the lessee the property for temporary possession and use for business purposes for a fee.

2. The leasing agreement may provide that the option of the seller and the purchased property shall be sold by the lessor.

3. Legislative acts of the Republic of Kazakhstan can specify the peculiarities of certains of lease agreement.

Footnote. Article 565 as amended by the Law of the Republic of Kazakhstan dated March 10, 2004 № 532.

Article 566. Leasing Subject

The leasing subject can be leased buildings, structures, machinery, equipment, inventory, vehicles, land plots and any other non-consumable items.

Leased assets may not be securities and natural resources.

Article 567. Essential Terms Of The Lease Agreement

In addition to the conditions of the lease agreement referred to in Article 542 of this Code, the lease agreement shall contain the following conditions:

1) the name of the seller of the property;

2) the conditions and duration of the transfer of property to the lessee;

3) the amount and timing of payments;

4) the term of agreement;

5) the conditions for the transition of property to the ownership of lessee, if such a transition is provided by the contract.

Article 568. Notification Of The Seller On Leasing The Property

The lessor, purchasing the property to rent out to the lessee shall notify the seller that the property is to be leased to a certain person.

Article 569. The Risk Of Accidental Loss Or Damage Of The Property

The risk of accidental loss of or damage to the property, which is the object of leasing, shall be transferred to the lessee at the time of the transfer of the property, unless the contract stipulates otherwise..

Article 570. Payments Under The Lease Agreement

Periodic payments, which shall be paid in accordance with the lease agreement can be calculated, taking into account the amortization of the whole or a substantial part of the value of the property at the price at the time of conclusion of the contract.

Article 571. Transfer To The Lessee The Subject Of Lease Agreement

1. The property, which is the subject of the lease agreement, shall be transferred to the lessee by the seller directly at the location of the latter, unless another is provided by the contract or followed from the nature of the obligation.

2. In the case, where the property, which is the subject of the lease agreement, are not transferred to the lessee in the contract term, the lessee shall have the right, if the delay is enabled by the circumstances for which the lessor is responsible, to demand cancellation of the contract and compensation of damages.

Article 572. Seller's Liability

1. The lessee shall have the right to present directly to the seller of the property, which is the subject of the lease agreement, claims arising from a contract of sale concluded between the seller and lessor, in particular, the quality and completeness of the property, the duration of its delivery and in other cases of improper performance of the contract by the seller. In this case, the lessee shall have the rights and duties for the buyer under this Code, except the obligations to pay for purchased property, as if he (she) were a party of the sale of property.

In the relationship with the seller, the lessee and the lessor act as joint creditors.

2. Unless otherwise stipulated by the lease agreement, the lessor shall not be liable before the lessee for the performance of the seller the claims arising from the contract of sale, unless the lessor is entitled to choose the seller. In the latter case, the lessee has the right to choose to make claims arising from the contract of sale, both directly to the seller of property and to the lessor, who are jointly liable.

Paragraph 3. Rental for the enterprise

Article 573. Enterprise Rental Agreement

1. Under the lease, the lessor shall give the tenant a fee for doing business in the temporary possession and use of enterprise as a whole as a property complex (Article 119 of the Code), including the right to a enterprise name and (or) the commercial designation of the right holder, to secure business information, as well as other facilities provided by the contract of exclusive rights, trademark, service mark, etc. (a set of exclusive rights), except for those rights and obligations, which the lessor is not entitled to transfer to others.

2. The right of the lessor, which he (she) received under a license to engage in the relevant activities cannot be transferred to the tenant, unless another is provided by legislative acts. Inclusion in the enterprise the obligations which are granted under the contract, and the

performance of which by the tenant is impossible if he (she) has no such special permission (license) shall not relieve the lessor from the respective obligations to creditors.

3. The rights and obligations in relation to employees of the enterprise shall transfer from the lessor to the tenant in the manner prescribed by the labor legislation of the Republic of Kazakhstan.

Footnote. Article 573 as amended by the Law of the Republic of Kazakhstan dated May 15, 2007 № 253.

Article 574. Creditor's Rights In Renting Enterprise

1. On transferring of debts to the tenant, the landlord must give written notice to the creditors until the conclusion of the lease contract, who in the case of disagreeing to such a transfer, may within three months from the date of receipt of the notice demand from the landlord to require a termination or early performance of the obligations and compensation for damages. If within the specified period of time, any of these requirements is not filed, the creditor is recognized to have consented to the transfer of the debt to the tenant.

2. The enterprise can be transferred to the tenant only after payments to creditors, who demanded from the landlord the termination or early performance of obligations.

3. After the transfer of the enterprise as a property complex to rent, a landlord and a tenant shall be jointly liable for the included in the transferred enterprise debts, which were transferred to the tenant, without the consent of the creditor.

Article 575. The Form Of The Enterprise Rental Agreement

Footnote. Title of Article 575 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

1. Enterprise rental agreement shall be in writing by drafting a single document signed by the parties.

2. Failure to comply with the form of the lease enterprise shall invalidate the contract.

3. *Is excluded by the Law of the Republic of Kazakhstan dated 25.03.2011-IV № 421 (shall be enforced upon expiry of ten calendar days after its first official publication).*

Article 576. Transfer Of A Leased Enterprise

Transfer of the enterprise to the tenant is carried out by the transfer act. Preparation of the enterprise to the transfer, including the drafting and submission to the signing of the transfer act, shall be the responsibility of the landlord and at his (her) expense, unless another is provided by the contract.

Article 577. Tenant's Obligation On The Maintenance Of Enterprise And Payments For The Costs Of Operation

1. The tenant is obliged, within the period of term of the contract, to maintain the enterprise in good technical condition, including its current and capital repairs, unless another is provided by the contract.

2. To the tenant shall be the expenses associated with the operation of a leased enterprise, unless another is provided by the contract.

Article 578. Use Of The Property Of Leased Enterprise

The tenant shall be entitled, without the lessor's content to sell, exchange, grant for temporary use or borrow material values, which are the part of the property of leased enterprise, and bring them to a sublease and transfer his (her) rights and obligations under the lease agreement in respect of such property to another person, which is provided that this shall not reduce the value of the enterprise and shall not affect the other provisions of the lease, unless another is provided by legislative acts or agreement.

Article 579. Entering By The Tenant Changes And Improvements To The Leased Enterprise

1. Tenant shall be entitled, without the lessor's consent to change the composition of the leased property complex, to conduct its reconstruction, expansion, modernization, increasing its cost, unless another is provided by the enterprise rental agreement.

2. Tenant of the enterprise has the right to compensation for the costs of inseparable improvements of the leased property to him (her), without the permissions of the landlord to such improvements, unless another is provided by the enterprise rental agreement.

3. The landlord may be released by a court from the obligation to compensate to the tenant the costs of permanent improvements of the leased property, if he (she) shall prove that the costs of the tenant to these improvements increase the cost of the leased property, disproportionate to the improvement of its operating properties, or in the exercise of such improvements have been violated the principles of good faith and reasonableness.

Article 580. Return Of A Leased Enterprise

Upon the termination of the lease enterprise agreement on the whole as a property complex should be returned to the lessor in accordance with the rules provided for in Articles 573, 574, and 576 of this Code. Preparation of the enterprise to transfer to the lessor, including the drafting and submission to the signing of the transfer act, in this case is the responsibility of the tenant and at his (her) expense, unless another is provided by the contract .

Paragraph 4. Rental of buildings and structures

Article 581. Contract For Leasing A Building Or Structure

1.On the contract for leasing a building or structure, the lessor shall be obliged to transfer for the temporary possession and use of the tenant building or construction.

2. The rules of this paragraph shall apply to leasing companies, unless another is provided by the rules of this Code on the rental of enterprise.

Article 582. Form Of The Contract For Leasing A Building Or Structure

Footnote. Title of Article 582 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

1. Contract for leasing a building or structure shall be in writing by drafting a single document signed by the parties.

2. Failure to comply with the form of the contract for leasing a building or structure shall entail its invalidity.

3. *Is excluded by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).*

Article 583. Rental Value

1. Contract for leasing a building or structure must include rental value. In the absence of agreed by the parties in writing the terms of rental value, the contract for leasing a building or structure is not concluded. The rules for determining the price as provided in paragraph 3 of Article 385 of this Code shall not apply.

2. In cases, where the rent for a building or structure established in the contract for a unit area of the building (structure), or other indicator of its size, the rent is determined based on the actual size transferred to the tenant of the building or structure.

Article 584. Transfer Of A Building Or Structure

1. Transfer of a building or structure by the lessor and the tenant’s acceptance of it shall be on the transfer act or other document for transfer, signed by the parties.

2. Failure of one of the parties from signing the document on the transfer of a building or structure on the terms provided by the contract, shall be considered as a withdrawal of the lessor from the obligation to the transfer the property and the tenant’s refusal from taking the property.

3. Upon the termination of the contract for leasing a building or structure the leased building or construction shall be returned to the lessor in accordance with the rules provided in items 1 and 2 of this Article.

Paragraph 5. Rental for Vehicles

Article 585. Rental Agreement For A Vehicle With A Cabin Crew

1. Under the lease (charter at the time) of the vehicle with the provision of management services and technical maintenance (a lease vehicle with a crew), the landlord shall provide the tenant with the vehicle for payment for temporary possession and use, and by his (her) own force provide management services of it and its technical operation.

2. The rules of this chapter on the preferential right of the tenant for conclusion of a lease agreement for a new term and the resumption of the lease agreement for an indefinite period (Articles 557 and 558 of this Code) shall not apply to a rental agreement for vehicle with a crew.

Footnote. Article 585 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 586. Form Of The Rental Agreement For Vehicle With A Cabin Crew

Rental agreement for vehicle with a cabin crew must be in written form, regardless of its duration.

Article 587. Landlord's Obligation to Maintain Vehicle

Landlord for duration of the contract is obliged to maintain the proper condition of the leased vehicle, including the implementation of current and capital repairs and provision of the necessary supplies.

Article 588. Landlord's Obligation For Management And Technical Service Of Vehicle

1. The scope of management services and technical operation of a vehicle provided to the tenant by the landlord shall ensure its normal and safe operation in accordance with the purposes of rent specified in the contract. A rental agreement for a vehicle with a cabin crew may provide a wider range of services provided to the tenant.

2. The crew of the vehicle and its qualifications should meet the obligatory terms and conditions of the contract as specified by the parties, if the rules binding on the parties such requirements have not been established, - the requirements of the usual practice of the vehicle of this and conditions of the contract.

3. Crew members maintain an employment relationship with the landlord. They obey the orders of the landlord, relating to the management and technical operation, and the orders of the tenant, relating to the commercial operation of the vehicle.

4. If the lease agreement does not provide otherwise, the cost of the salaries of the crew members, and the cost of their maintaining shall be provided by the lessor.

Article 589. Duty Of The Tenant To Pay The Expenses, Relating To The Commercial Exploitation Of Vehicle

Unless another is provided by the rental agreement for a vehicle with a cabin crew, the tenant shall pay for the fuel and other consumable materials in service, payment of fees and other expenses incurred in connection with the commercial use of the vehicle.

Article 590. Insurance Of Vehicle

Unless another is provided by the rental agreement for vehicle with a cabin crew, the duty to insure the vehicle and/or insure the liability for any damages that may be caused by or in connection with its operation shall rest to the landlord, in cases where such insurance is compulsory.

Article 591. Contracts With Third Parties On The Use Of Vehicle

A tenant engaged in the commercial exploitation of the leased vehicle may, without the consent of the landlord, on his (her) own name to enter into contracts of carriage and other contracts with the third parties, if they do not conflict with the purposes of usage of the vehicle specified in the rental agreement, and if such purposes are not established, for the purpose of the vehicle.

Article 592. Responsibility For The Damage Caused To The Vehicle

In the case of loss or damage to the rented vehicle, the tenant shall compensate to the landlord damages, if the latter proves that the loss or damage of the vehicle took place in circumstances for which the tenant is responsible in accordance with legislative acts, or contract.

Article 593. Responsibility For The Damage Caused By The Vehicle

Liability for damage caused to third persons by the leased vehicle, its mechanisms, devices, equipment, etc. shall bear the tenant in accordance with the rules of Article 931 of this Code.

Article 594. Features Of The Lease Of Certains Of Vehicles

Features of the lease of certains of vehicles with the provision of management services and technical operation, other than those provided by this paragraph, may be established by legislative acts.

Footnote. Article 594 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 594-1. Rental Agreement For Vehicle Without A Cabin Crew

1. Under the rental agreement for vehicle without a cabin crew, the landlord provides to the tenant the vehicle for payment for temporary possession and use without management services and its technical operation.

2. Rules concerning renewal of lease agreement for an indefinite period and the preferential right of the tenant at the conclusion of a lease agreement for a new term (Articles 557 and 558 of this Code) shall not apply to the rental agreement for vehicle without the crew .

Footnote. The Code is supplemented with Article 594-1 in accordance with the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 594-2. Form Of The Rental Agreement For Vehicle Without A Cabin Crew

Rental agreement for vehicle without a cabin crew must be in written form, regardless of its duration.

Footnote. The Code is supplemented with Article 594-2 in accordance with the Law dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 594-3. Tenant's Obligation To Maintain A Vehicle

Unless otherwise stipulated by the rental agreement for a vehicle without a cabin crew, the tenant for the duration of the contract is obliged to maintain the proper condition of the leased vehicle, including the implementation of current and capital repairs.

Footnote. The Code is supplemented with Article 594-3 in accordance with the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 594-4. Duty Of Tenant To Pay The Expenses For The Maintenance Of The Vehicle

Unless another is provided by the rental agreement for vehicle without a cabin crew, the tenant shall bear the expenses for maintenance of the rented vehicle, its insurance, including their responsibilities, as well as the expenses incurred in connection with its operation.

Footnote. The Code is supplemented with Article 594-4 in accordance with the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 594-5. Contract With Third Parties On The Use Of Vehicle

If the rental agreement for a vehicle without a cabin crew provides otherwise, the tenant may, without the consent of the landlord to take the rented vehicle in the sublease under the rental agreement for vehicle with or without a cabin crew.

Footnote. The Code is supplemented by Article 594-5 in accordance with the Law of the Republic of Kazakhstan dated 25.03.2011-IV № 421 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 594-6. Responsibility For The Damage Caused By The Vehicle

Liability for damage caused to third persons by vehicle, its mechanisms, devices, equipment, shall be the tenant in accordance with the rules of Article 931 of this Code.

Footnote. The Code is supplemented with Article 594-6 in accordance with the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 594-7. Features Of The Lease Of Certains Of Vehicles

Features of the lease of certains of vehicles without the provision of management services and its technical operation can be provided by other legislation.

Footnote. The Code is supplemented with Article 594-7 in accordance with the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Paragraph 6. Hire

Article 595. Contract Of Hire

1. Under the hiring contract the landlord, who is leasing the movable property to let in as a permanent business activity, shall be obliged to provide to the tenant the property for payment for temporary possession and use.

Property, which is provided under the contract of hire, shall be used for consumer purposes, unless otherwise stipulated by the contract or followed from the nature of the obligation.

2. Contract of hire shall be in writing.

3. Contract of hire is a public (Article 387 of this Code).

Article 596. Term Of Hire Contract

1. Contract of hire is for a term of one year.

2. The rules on the priority rights of the tenant to renew the contract of tenancy and the renewal of the contract of tenancy for an indefinite period of time (Articles 557 and 558 of this Code) shall not be applied to the contract of hire.

3. The tenant shall have the right to refuse from the hire contract at any time, unless another is provided by the contract.

Article 597. Provision Of The Property To The Tenant

A landlord, who is concluding the hire contract, is obliged in the presence of the tenant to check the condition of the rented property and familiarize the tenant with the rules of operation of the property or to give him (her) written instructions for use of the property.

Article 598. Remedial Action Of Surrendered For Hire Property

When a tenant finds defects on the leasing property, which are wholly or partially prevent its use, the landlord shall within ten days from the date of the tenant's statement on the deficiencies, unless a shorter period is established by contract, free address the defects of the property on the spot or replace such property to other similar property, which are in good condition.

If the deficiencies of leasing property were the result of violations of the rules by the tenant for the operation and maintenance of the property, the tenant pays the landlord the cost of repair and transportation of the property.

Article 599. Fee For Usage Of The Property

1. The fee for usage of the property under the contract of hire, shall be established as defined in fixed amount of payments made periodically or at a time.

2. In the case of early return of the property by the tenant, the landlord shall return the appropriate part of the received payment for use of the property, calculating it from the day following the date of actual return of the property.

3. *(Is excluded)*

Footnote. Article 599 as amended by the Law of the Republic of Kazakhstan dated March 29, 2000 № 42.

Article 600. Use Of Leased Property

1. The capital and current repair of the property, rented under the contract of hire is the responsibility of the landlord.

2. Subleasing the property, granted to the tenant under the contract of hire, transferring the tenant’s rights and obligations under the contract of hire to another person, the provision of this property in the free use, pledge of the tenant and making them as in-kind contribution to business partnerships, joint-stock companies, the contribution to production cooperatives are not allowed.

Chapter 30. Hiring a home

Article 601. Contract Of Hiring A Home

1. Under a contract of hiring a home, home owner or an authorized person (the renter) agrees to provide citizen (the hirer) and the members of his (her) family home in use for a fee.

2. Contract of hiring a home should be in written form.

Footnote. Article 601 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 602. Contract Of Hiring A Home In The Houses Of The State Housing Fund

1. The contract of hiring a home in the houses of the State Housing Fund is based on the decision of the local executive authority, a State agency or State Enterprise for housing.

2. Terms of housing, the rights and obligations of the parties, the base for changing and termination of the contract of hiring a home in the houses of the State Housing Fund are established by the housing legislation.

Footnote. Article 602 as amended by the Law of the Republic of Kazakhstan dated 22.07.2011 № 479-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 603. Contract Of Hiring A Home In The Houses Of The Private Housing Fund

Terms of hiring a home in the houses of the Private Housing Fund are determined by agreement of the parties, unless otherwise stipulated by the housing legislation.

Chapter 31. Free use of property

Article 604. Contract For The Gratuitous Use Of Property

1. Under the contract for the gratuitous use of property (loan agreement), one party (the lender) transfers property to free temporary use of another party (the borrower) and the latter is obliged to return the same property in the same condition in which he (she) received it, subject to normal wear and tear, or condition provided by the contract.

2. To the contract for the gratuitous use of property shall apply respectively the rules of Article 541, paragraph 1 and first part of paragraph 2 of Article 545, 550 Article, Article 555 sub-paragraphs 1, 2, and 4 of paragraph 2 of Article 556, Article 558 of this Code.

3. To the contract for the gratuitous use of State property, the provisions of this Code with the features set by the legislation of the Republic of Kazakhstan on state property and other legislative acts of the Republic of Kazakhstan.

Footnote. Article 604 as amended by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).

Article 605. Lender

1. The right to transfer the property for free use belongs to the owner and other persons authorized by the legislations or by the owner.

2. Commercial organization is not entitled to transfer the property for free use to the person who is its founder, participant (shareholder), Director, Member of the management or controlling bodies.

Article 606. Providing Property For Free Use

1. The lender must provide the property in a state, corresponding to the terms of the contract of gratuitous use and purpose of the property.

2. The property is available for free use, with all its accessories and related documents (the documents certifying the completeness, safety, quality, operating procedures, etc.), unless alternatively provided by the contract.

If such supplies and documents were not transferred, but without them the property cannot be used for the purpose or its use has largely lost value for the borrower, the latter may require the provision of such supplies and documents or termination of the contract and compensation for the real loss.

Article 607. Liability For Defects Of The Property, Handed Over For The Free Use

1. The lender, who transferred property for free use, shall be responsible for the defects of the property, which he (she) intentionally or recklessly did not specify when transferring the property, if it caused real damage to the borrower.

2. The lender, who is informed about the requirements of the borrower or his (her) intention to address the defects of the property by the lender, can immediately replace the defective items to other similar thing in good condition.

3. The lender is not responsible for the defects of the property, which had agreed in the terms of the contract or the borrower was previously known or should have been discovered during the inspection of the property or check the working order in conclusion of the contract or the transfer of things.

Article 608. Third Party Rights To The Property Transferred For Free Use

Transfer of property for free use shall not be grounds for modification or termination of third party rights to the property.

At the conclusion of the contract for the gratuitous use, the lender is obliged to notify the borrower with the all rights of third persons on the property (servitude, the mortgage right, etc .). Failure to perform this duty gives the borrower the right to demand termination of the contract and compensation for the real loss.

Article 609. Liabilities Of The Borrower On Maintain Of The Property

The borrower is obliged to maintain the property, received in the free use, in good condition, including the implementation of current and capital repairs and bear all the costs of its maintain, unless another is provided by the contract for gratuitous use.

Article 610. The Risk Of Accidental Loss Or Accidental Damage Of Property

The borrower bears the risk of accidental loss or accidental damage of donated property, if the property was lost or damaged due to the fact that he (she) used it not in accordance with the contract of gratuitous use or the purpose of the property or transferred it to a third party without the consent of the lender.

The borrower shall also bear the risk of accidental loss or accidental damage of property, if according to the actual circumstances the borrower could prevent the destruction or damage of property, by sacrificing his (her) property, but would prefer to save his (her) property.

Article 611. Liability For Damage, Caused To A Third Party Resulting From The Use Of Property

The lender is liable for damage to a third party caused by the use of the property, unless he (she) proves that the damage was caused due to the intent or gross negligence of the borrower or the person from whom the property was with the consent of the lender.

Article 612. Early Termination Of A Contract

1. The lender shall have the right to demand early termination of the contract for the gratuitous use in cases where the borrower:

1) uses the property not in accordance with the contract or the purpose of the property;

2) fails to comply with the obligations to maintain the property in good condition or its maintenance;

3) significantly impairs the condition of the property;

4) without the lender's consent transfer the property to a third party.

2. The borrower shall have the right to demand early termination of the contract for the gratuitous use:

1) in case of deficiencies that make normal use of property impossible or burdensome, the presence of which he (she) did not know and could not have known at the time of conclusion of the contract;

2) if property due to circumstances for which he (she) is not responsible, shall be in a condition unfit for use;

3) if at the conclusion of the contract the lender did not warn him (her) about the rights of third parties on the transferred property;

4) in the case of failure of the lender the obligation to transfer the property or its accessories and related documents.

Article 613. Repudiation Of A Contract

1. Each Party shall have the right at any time to withdraw from the contract for the gratuitous use, which is concluded without specifying the period, by notifying the other party for a month, if the contract does not provide a different period of notice.

2. Unless otherwise provided by the contract, the borrower shall have the right at any time to withdraw from the contract concluded with the term, in accordance with paragraph 1 of this Article.

Article 614. Changing The Parties In The Contract

1. The lender has the right to dispose of property or grant for a free use of a third party. In this case, to the new owner or the user shall transfer the rights from any previous contract for the gratuitous use, and his (her) rights in respect of property are burdened by rights of the borrower.

2. In the event of the death of the citizen-lender or the reorganization or liquidation of the legal entity-lender, the lender's rights and obligations under the contract for the gratuitous use shall transfer to the heir (successor) or to another person, to whom the ownership of the property or other right on the basis of which the property was transferred for free use.

In the event of a reorganization of a legal entity, the borrower's rights and obligations under the contract shall pass to the legal entity, that is his (her) successor, unless another is provided by contract.

Article 615. Termination Of A Contract

Contract for the gratuitous use shall be terminated in case of death of the citizen-borrower or liquidation of a legal entity-borrower, unless otherwise provided by the contract.

Chapter 32. Work and Labor
Paragraph 1. General provisions of labor contract

Article 616. Work And Labor Contract

1. Under the contract, one party (the contractor) shall perform on the instructions of the other party (customer) some work and pass the result to the customer on time, and the customer undertakes to accept the result of work and pay for it (to pay the price of work). The work is performed for the risk of the contractor, unless another is provided by legislative acts or contract.

2. Unless otherwise provided by the contract, the contractor alone determines the methods for implementation of the project of the customer.

3. For certains of contract (customer work, construction contract, a contract for design and survey work, research, development and technological works) shall apply provisions of this paragraph, unless otherwise stipulated by the rules of this Code on contracts for these species.

4. Relationships for certains of labor contract can be regulated by this Code and legislative acts on certains of work and labor contracts.

Article 617. Performance Of Work By Dependent Contractor

1. Unless another is provided by the contract, the work performed by the dependent contractor is to be done from his (her) material, his (her) forces and means.

2. The contractor shall be responsible for the improper quality of their materials and equipment, as well as for the provision of materials and equipment, which are encumbered by third party rights.

Article 618. The Risk Of Accidental Loss Of Materials

The risk of accidental loss of materials

Unless another is provided by legislation or by contract, the risk of accidental loss or accidental damage of materials before the deadline for submission of the contractor by the contract work, lies with the party who is providing the materials. .

In case of delay the transfer or acceptance of the result of work, the risk lies with the delaying party, unless another is stipulated by legislation or the contract.

Article 619. The General Contractor And The Subcontractor

1. If the legislative acts or the contract do not provide otherwise, the contractor shall be entitled to bring to the execution of the contract the other parties (subcontractors). In this case , the contractor acts to the customer as a general contractor, and before the subcontractor as a customer.

2. The general contractor is liable to the subcontractor for nonperformance or improper performance of obligations by the customer, and before the customer is liable for nonperformance or improper performance of obligations of the subcontractor.

3. Unless otherwise provided by legislation or by contract, the customer and the subcontractor shall not be entitled to present to each other requirements, associated with the violation of their contracts with the general contractor.

4. With the consent of the contractor, the customer has the right to conclude a contract for the execution of certain works with third parties. In this case, the third party is liable for nonperformance or improper performance of work directly to the customer.

5. If the contract with two or more contractors and the subject of an obligation is indivisible, these contractors are recognized in relation to the customer joint debtors and joint creditors respectively. The divisibility of the subject of an obligation, as well as in other cases stipulated by legislative acts or agreement of the parties, of each of the contractors acquires the rights and obligations in relation to the customer within their shares.

Article 620. Time Periods For Doing The Work

1. The work and labor contract specifies the starting and ending dates of work. By agreement between the parties, the contract may provide for the timing of the completion of certain work stages (intermediate terms).

Unless otherwise provided by the contract, the contractor is liable for breach of both the initial and final, and intermediate deadlines.

2. Specified in the contract initial, final and intermediate time of performance of work can be changed in the cases and in the manner prescribed by the contract.

Article 621. The Price Of Work

1. The work and labor contract specifies the price of performed work or the ways to define it. In the absence of such indications in the contract and no agreement of the parties, the price is set by the court, by comparing the prices of similar work, the price includes the necessary expenses incurred by the parties.

2. The price can be determined by costs estimates.

In cases, where work is performed in accordance with the estimate made by the contractor , the estimate takes effect and becomes part of the contract since its confirmation by the customer.

Price of work (cost estimate) can be rough or hard. In the absence of other indications in the contract, the price of work (cost estimate) is considered hard.

3. If there is a need for additional work and for this reason - in essentially increase a certain approximately price of work (rough estimate), the contractor shall promptly notify the customer and stop working. The customer, who does not agree to the excess of the price of work (estimates), shall have the right to cancel the contract. In this case, the contractor may require the customer to pay him (her) the actual price of the work.

4. The contractor, who does not warn the customer of the need to exceed the contractual price (estimate), is obliged to fulfill the contract, retaining the right to charge for the work at the price specified originally in the contract.

5. The contractor shall not have the right to demand to increase a firm price (solid estimate), and the customer is not entitled to demand its reduction, including in the case at the time of conclusion of the contract, excluded the possibility of providing full range of work, which shall be performed or the necessary expenses for the work.

With a significant increase after the contract, the cost of materials and equipment, which shall be provided by the contractor, and rendered to him (her) by third parties services, the contractor is entitled to demand an increase of the established price (estimate), and if the customer fails to comply with this requirement - termination of the contract.

Article 622. Savings Of The Contractor

1. In cases, where the contractor's actual costs were lower than those, which is taken into account in determining the price (cost estimate), the contractor shall retain the right to charge for the work at the price, which is stated in the contract (estimate), unless the customer can prove that the contractor's resulting savings negatively affected on the quality of the performed work.

2. The work and labor contract may provide for the distribution of the savings, received by the contractor between the parties.

Article 623. Order Of Payments For Work

1. If the work and labor contract does not provide pre-paid for the performed work or its individual stages, the customer is obliged to pay to the contractor the agreed price after the final delivery of the result of the work, which is provided that the work is done properly and within the agreed time, or with the consent of the customer - early.

2. The contractor shall have the right to demand advance payment or deposit paid, only in the cases and in the amount specified in the legislative acts or the contract.

Article 624. The Right To Offset

1. In case of failure of an obligation by the customer to pay the price or any other amount due to the contractor in connection with the performance of the contract, the contractor shall be entitled to hold the result of the work, as well as customer-owned equipment, transferred for processing things, the balance of unused materials and other any property of the customer before the payment of relevant amounts by the customer.

2. The contract may provide for retention of the customer the part of contractor's amount of compensation to cover the cost to remedy the deficiencies, found within the limits provided in Article 630 of this Code.

Article 625. Performance Of Work Using Customer's Materials

1. The contractor is obliged to use the materials provided by the customer economically and prudently, and after the work to present a report on the expenditure of the customer materials, and return the rest of them or, with the consent of the customer, reduce the price of work, retain the surplus materials and compensate the customer for the price of the surplus materials.

2. The contractor shall be liable for the improper performance of work caused by lack of materials provided by the customer, unless he (she) proves that the defects could not be detected by him (her) in proper acceptance of these materials.

Article 626. The Contractor's Liability For Non-Safety Of The Property Provided By The Customer

The contractor is responsible for the non-safety of customer provided materials, equipment, transferred for processing things or other property, which were in the possession of the contractor in connection with the execution of the work and labor contract.

Article 627. Rights Of The Customer During The Execution Of The Work

1. The customer shall have the right at any time to check the progress and quality of work, without interfering in the activities of the contractor.

2. If the contractor does not proceed in a timely manner to the execution of the contract or performs work so slowly that its completion within the deadline established is clearly impossible, the customer is entitled to cancel the contract and claim damages.

3. If during the execution of the work, it becomes clear that it is not being executed properly, the customer has the right to appoint to the contractor a reasonable time to remedy the deficiencies. If the contractor fails to remedy these deficiencies in time, the customer has a right to cancel the contract or to request a correction of work to a third party at the expense of the contractor, as well as to demand compensation for damages.

4. Unless another cause is provided by the contract, the customer may at any time before the date of letting him (her) the work to cancel the contract, pay to the contractor for the work , performed prior to the notice of the customer's refusal from the contract. The customer is also obliged to compensate the contractor for damages caused by the termination of the contract, within the difference between the part of the price paid for the performed work, and the price specified for all the work.

Article 628. Circumstances For Which The Contractor Must Notify The Customer

1. The contractor shall immediately notify the customer and get instructions from him (her) to suspend the work if:

1) unsuitability or deficient customer-provided materials, equipment, technical documentation or transferred for processing things;

2) the possible adverse effects for the customer on the performance of his (her) instructions on how to perform the work;

3) other circumstances beyond the control of the contractor, which threaten service life or durability of the results of the work or create delays to the completion date.

2. The contractor, who shall not prevent the customer about the circumstances mentioned in paragraph 1 of this Article, or to continue the work without waiting for the expiration of a reasonable time to respond to a warning or even a timely indication of the customer to suspend the work, and upon presentation to him (her) or them to the relevant requirements of the customer shall not be entitled to refer to these circumstances.

3. If the customer, despite the timely and reasonable warning of the contractor about the circumstances referred to in paragraph 1 of this Article, within a reasonable period of time

shall not replace unsuitable or poor quality material, change the instructions on how to perform the work or take other necessary measures to remedy the circumstances, that threaten fitness or durability of the work, the contractor shall be entitled to cancel the contract and demand compensation for damages caused by the termination.

Article 629. Assistance Of The Customer

1. The customer is obliged to assist the contractor in the performance of work in the extent and in the manner prescribed by the work and labor contract.

In the event of the non-performance of this obligation by the customer, the contractor has the right to demand compensation for damages, including the extra costs, caused by the downtime or deferral of execution of work or increase in the price of work.

2. In cases, where the performance of work under the contract became impossible due to the actions or omissions of the customer, the contractor reserve the right to charge him (her) of a fixed price for performance of the work.

Article 630. Acceptance Of The Performed Work By The Customer

1. The customer is obliged in terms and in the manner provided by the work and labor contract, with the participation of a contractor to inspect and accept the result of the performed work. When the customer detects a deviation from the contract, which could affect the work or other defects in the work, the customer should immediately notify the contractor about it.

2. The customer, who has discovered defects in work at its acceptance, has the right to refer to them only if the act or in any other document evidencing the acceptance, these defects have been stipulated or the possibility of further claims to eliminate them.

3. The customer, who accepts the work without checking, loses the right to refer the defects of the work, which could be established by the usual method of its acceptance (apparent defects).

4. The customer, who discovered after acceptance of the results of work the deviation from the contract or in any other deficiencies that could not be established in the usual method of acceptance (hidden defects), including some that have been deliberately hidden by the contractor, shall be obliged to notify the contractor within a reasonable time upon their discovery.

5. The deadline for notifying the contractor about the hidden defects, discovered by the customer is one year, and in the case of works related to buildings and structures, as well as regardless of the of work - on the deficiencies that have been deliberately hidden by the contractor - three years from the date of acceptance.

Legislative acts or contract may establish a time limit (warranty periods) of longer duration.

If, in accordance with the contract, the work is accepted by the customer in part, time limit under this paragraph begins from the day of acceptance of the results of the work as a whole.

6. If there is a dispute between the customer and the contractor regarding the defects of the performed work or their reasons, shall be assigned the examination at the request of any parties. The contractor shall pay the costs of examination, except in cases, where the examination found no violations of the contract or the causal link between the actions of the contractor and discovered deficiencies. In these cases, the costs of expertise shall be paid by the party, who demands its appointment, and if expertise appointed by agreement between the parties both parties shall pay equally.

7. In the case of deviation of the customer to accept the results of the performed work, the contractor shall have the right within a month from the day when, according to the contract, the work had to be transferred to the customer, and then after double-warning the customer, to sell the results, and the received amount, after the deduction of all payments to the contractor, make notary's deposit in the name of the customer, unless another is provided by the contract.

8. If the customer's failure to accept the results of the work led to the delay in delivery of the work, the ownership of production (revised) the asset is recognized to have passed to the customer at the time when the transfer took place.

Article 631. Payments Between The Parties In The Case Of The Destruction Of The Subject Of Contract Or Impossibility Of Finishing The Work

If the subject of the contract before putting it accidentally ruined or finishing the work became impossible through no fault of the parties, the contractor shall not have the right to claim compensation for the work.

If the destruction of the subject of contract or impossibility of finishing the work occurred due to deficiencies of the material, delivered by the customer or his (her) instructions on how to execute the work, or the delay occurred after acceptance by the customer of the performed work, and the contractor has complied with the rules of Article 628 of this Code, the contractor shall retain the right to remuneration for the work.

Article 632. Quality Of Work

1. The work performed by the contractor shall comply with the terms of the contract, and in their absence or incompleteness - those requirements which are generally applicable to the work of the relevant kind.

2. If the legislative acts provides mandatory requirements for work performed under the work and labor contract, the contractor, acting as an entrepreneur is obliged to perform the work, following to these mandatory requirements.

The contractor may accept the obligation under the contract to perform work that meets higher quality requirements by the request of the customer than specified by mandatory requirements.

Article 633. Guarantee Of Quality Of The Work

1. In the case, where the legislation or the contract provides the contractor's guarantee of quality of the work to the customer, the contractor is obliged to transfer the result of the work to the customer, which must meet the requirements of Article 632 of this Code throughout the warranty period.

2. Guarantee quality of the work, unless another is provided by the contract, shall apply to all the elements that make up the result.

Article 634. The Procedure For Calculating The Guarantee Period

Unless otherwise by contract, the warranty period begins to run when the results of the work have been or should have been accepted by the customer.

Article 635. The Contractor's Liability For Improper Performance Of Work

1. If the work performed by the contractor with the recession from the contract, or other defects that make it unsuitable under the contract or - if there is no relevant provision in the contract for normal use, the customer is entitled, unless another is established by legislative acts or contract, choose to require the contractor to:

1) free elimination of deficiencies of the work within a reasonable time;

2) proportional reduction of prices established for the work;

3) payment of his (her) costs for removal defects, when the right of the customer to eliminate them, is provided in the contract.

2. The contractor may instead address the shortcomings of the work, for which he (she) is responsible, free of charge to perform the work again with the recovery of the customer losses caused by the delay of execution. In this case, the customer is obliged to return the previously referred to the results of work to the contractor, if the nature of such a return is possible.

3. If deviations from the terms and conditions of the contract or other deficiencies are significant and non-removal or within a reasonable time the defects detected by the customer have not been remedied, the customer is entitled to cancel the contract and claim compensation for damages.

4. The contract may exempt the contractor from liability for certain defects. This condition shall not apply if the customer proves that the defects occurred due to faulty actions or inactivity of the contractor.

5. The contractor, who provided the materials for the work, is responsible for their quality according to the rules on the liability of the seller for the goods of improper quality (sub-paragraphs1, 3 and 5 of paragraph 1 of Article 428 of this Code).

Article 636. The Limitation Period For Claims Of Improper Quality Of Work

The limitation period for claims caused by improper quality of the work, performed under the work and labor contract shall commence from the date of detection of defects, which the customer has declared within the period provided in Article 630 of this Code.

Article 637. Contractor's Obligation To Transfer The Information To The Customer

The contractor is obliged to disclose to the customer together with the result, the information concerning the operation or other use of the subject of the contract, if it is provided by the contract, or the nature of the information is such, that without it impossible to use the results of the work for the purposes specified in the contract.

Article 638. Confidentiality Of The Information Received By The Parties

If the party, thanks to the performance of his (her) obligations under the contract, received from another party information about new solutions and technical knowledge, including not enjoying legal protection, as well as information that may be regarded as a commercial secret, he (she) shall not disclose them to any third party without the consent of the other party.

Procedure and conditions for the use of such information shall be determined by agreement of the parties.

Article 639. Return To The Customer Materials And Equipment

In cases, where the customer in accordance with paragraph 4 of Article 627, and paragraph 3 of Article 635 of this Code withdraw from the contract, the contractor is obliged to return to the customer supplied materials, equipment transferred for processing thing and other property or to delivers them to the person, indicated by the customer and if it was impossible - to compensate the cost of materials, equipment and other property obtained from the customer.

Paragraph 2. Features of Domestic Work Contract

Article 640. Contract for domestic work

Under the domestic work contract, the contractor engaged in entrepreneurial activities, shall perform on the instructions of the citizen-customer a certain work, designed to satisfy household or other personal needs of the customer, and the customer agrees to accept the work and pay for it.

Domestic work contract is public contract (Article 387 of this Code).

Article 641. Guarantee The Rights Of The Customer

1. The contractor shall not be entitled to impose the customer to include in the contract of domestic work additional retaliation works or services. In violation of this requirement, the customer has the right to refuse payment of such works or services.

2. The customer may at any time, before delivery of the work to withdraw from the domestic work contract, pay to the contractor part of the established price for the work, performed prior to the notice of refusal of the customer from the contract, and the customer is obliged to compensate to the contractor expenses incurred up to this moment. Terms of the contract, depriving the customer from this right, is not valid.

Article 642. Form Of Contract

Unless another is provided by legislative acts or contract, including the terms of forms or other standard forms, joined by the customer (Article 389 of this Code), the domestic work contract is considered to be concluded in the proper form since the date of issue by the contractor to the consumer a receipt or other document confirming the conclusion of the contract.

The absence of these documents at the customer does not deprive him (her) of any right to refer to evidence in confirmation of the contract or its terms.

Article 643. Presentation Of The Information About The Results Of The Work To The Customer

Upon delivery the results of the work to the customer, the contractor is obliged to inform him (her) about the requirements that must be followed for the effective and safe use of manufactured or altered things or other results of the performed work, as well as possible for the customer and other persons consequences of non-compliance of the relevant requirements.

Article 644. Presentation To The Customer The Information On Work

1. The contractor is obliged, before conclusion of the domestic work contract, to provide the customer the necessary and accurate information on the proposed works, theirs and details , the price and form of payment for work, and to inform the customer, upon request, other related to the contract and the relevant to work information. If it is important to the character of the work, the contractor shall indicate the customer a specific person who shall fulfill it.

2. The customer is entitled to demand termination of domestic work contract and compensation of damages in cases where, on the basis of incomplete or unreliable information provided by the contractor was concluded the contract for execution of works that do not have properties, which mean the customer.

Article 645. Execution Of Work From The Materials Of Contractor

1. If the work under the domestic work contract is executed from the contractor's material , the material shall be paid by the customer at the conclusion of the contract in whole or in part specified in the contract, with the final settlement of the customer on receipt of the results of work performed by the contractor.

According to the contract the material may be provided by the contractor to the loan, including the terms of payment for the material by installments by the customer.

2. Change in the price of the material provided by the contractor after the conclusion of the contract shall not involve the allocation.

Article 646. Execution Of Work From The Materials Of Customer

If the work under the domestic work contract is executed from the customer's material, in the receipt or other document issued by the contractor to the customer at the conclusion of the contract, shall specify the exact name, number, description and price of materials, which are determined by agreement of the parties. Materials evaluation in the receipts or other similar document may be subsequently challenged in court by the customer through written evidence.

Article 647. Price And Payment For Work

The price in the domestic work contract is determined by the agreement between the parties and cannot be higher than indicated in the price list, announced by the contractor. The work shall be paid by the customer after the final delivery of the results by the contractor. By agreement of the parties, the work may be paid by the customer at the conclusion of the contract in full or by payment of an advance.

Article 648. Consequences Of The Discovery Of Defects In The Performed Work

1. The customer can make one of those rights, which are prescribed in Article 635 of this Code, when he (she) discovered deficiencies at the time of acceptance of the results of work or while using the subject of contract - within the general time period provided in Article 630 of this Code, and in the presence of the warranty period - within these deadlines.

2. Requirement of free elimination of these deficiencies of the work, performed under the domestic work contract, and which may be dangerous to life or health of the customer and other persons, may be presented by the customer or his (her) successor, within three years from the date of acceptance of the work, if the legislative acts provide another terms (terms of service). Such a claim may be asserted regardless of when discovered these defects, including their discovery at the end of the warranty period.

In the case of failure by the contractor of this requirement, the customer is entitled within the same period to require the return of the part of price paid for the work, or expenses incurred to remove deficiencies in the home or with the help of third parties.

Article 649. Consequences Of Failure To Appear Of The Customer For Obtaining The Results Of The Performed Work

1. In the event of failure of the customer to obtain the results of the work or other deviations of the customer from the acceptance of it, the contractor shall be entitled to notice the customer, and within two months from the date of such notice to sell the subject of the contract for a reasonable price, and the proceeds, with deduction of any payments due to the contractor, to make notary's deposit in the name of the customer, in accordance with article 291 of this Code.

2. As indicated in paragraph 1 of this Article, the contractor may instead of selling the subject of the contract to exercise the right of retention it (Article 624 of this Code) or to collect the damages from the customer.

Article 650. The Consequences Of The Death Of One Of The Parties In The Contract

In cases of termination of the domestic work contract on the grounds of death of one of the parties (Article 376 of this Code), the consequences of termination of the contract shall be determined by agreement between the successor of the party and its contractor, and if there is no agreement between them - by the court, taken into account the size of the executed works and their prices, the cost of consumed and preserved material, and other relevant circumstances.

Paragraph 3. Features of Construction Contract

Article 651. Construction Contract

1. Under the construction contract the contractor agrees in the original terms according to the customer to build a specific object or perform other construction work, and the customer agrees to provide the contractor with the necessary conditions for the performance of work, accept the result and pay for it at the agreed price.

2. The construction contract is for the construction or reconstruction of enterprises, buildings (including the house), facilities or another object, as well as for erecting, commissioning and other, which is closely related to the project under construction, works. The rules of this paragraph shall also apply to major repairs of buildings and constructions, unless otherwise provided by the contract.

If it is stipulated in the contract, the contractor shall undertake to ensure the operation of the facility after its acceptance by the customer within the specified term in the contract.

3. With the contract on the construction of "key ready" the contractor assumes all responsibilities for construction and its maintenance and must have passed to the customer object, ready to use, according to the contractual terms.

4. The owner of the construction in progress until its delivery to the customer and payment for work is the contractor.

5. In cases, where under the construction contract is performed, the works for domestic or other personal needs of the citizen (customer), respectively, to such contract shall be applied the rules on the rights of the customer under the domestic work contract.

Article 652. Allocation Of Risk Under The Construction Contract

1. In the event of destruction or damage of the construction project due to force majeure before the expiry of the deadlines for submission of work, the customer is obliged, unless another is provided by the contract, to pay the cost for completed work and (or) reconstruction.

2. Unless otherwise provided by legislation or contract, the risk of accidental causes preventing the performance of work before the delivery shall be borne by the customer.

3. The contractor shall bear the risk of accidental rise in price of works.

4. Contract may provide the transfer to the contractor all possible construction risks ("key ready" contract).

5. The contract may provide the risk insurance of the contractor. In this case, the insurance costs are included in the cost of construction, which are considered when determining the remuneration for the performed work.

Article 653. Refusal For Safety Of Conducting Works

The contractor bears responsibility for safety of conducting works.

Article 654. Design Estimate Documentation

1. The contractor is obliged to carry out the construction and related works in accordance with the project document, that defines the scope and content of the work and other requirements, and estimate that determines the price of works.

Unless another is specified in the contract, is expected that that the contractor shall perform all work described in project documentation and estimates (design estimate documentation).

2. Unless another is provided by the contract, design estimate and other technical documentation, written in a foreign language, shall be transferred to the contractor translated into the State or Russian language. The units must comply with the metric system, established by the legislative acts.

3. By contract for construction work must be defined the composition and content of design-estimate documents, and shall be provided, which party and in what period must provide appropriate documentation.

4. The contractor, who discovered in the course of construction the works, which are not included in the design and estimate documentation and in connection with the need for additional work and an increase in the estimated cost of construction, must inform the customer.

With a lack of response from the customer to his (her) message within ten days if the legislation or contract does not provide for this particular period, the contractor may suspend the relevant work with the appropriate allocation of losses caused by downtime, at the expense of the customer.

5. The contractor, who has not performed the obligations established by paragraph 4 of this Article shall not be entitled to claim payment from the customer for performed by him (her) extra work and compensation for damages caused by this, unless it proves the need for immediate action is in the interests of the customer, in particular, due to the fact that the suspension of work could result to loss or damage of the construction object.

6. With the consent of the customer for additional work, and their payment, the contractor has the right to refuse to perform these works only in cases, where they do not fall within the professional activities of the contractor, or the contractor cannot perform for reasons beyond his (her) control.

Article 655. Changes To The Design Estimate Documentation

1. The customer has the right to demand changes to the design and estimate documentation, which are not related to extra costs to the contractor and (or) extension of deadlines.

2. Changes of the design-estimate documentation for extra costs to the contractor, shall be covered by the customer on the basis of supplementary estimates agreed by the parties.

3. The contractor is entitled to demand the revision of estimates, if due to circumstances beyond his (her) control cost of the work exceeded the estimate by at least ten percent.

4. The contractor shall have the right to demand compensation of reasonable expenses incurred in connection with the establishment and removal of defects in the design estimate documents, except for the cases when such documentation was written at his (her) request.

Article 656. Financial Security Of The Work

1. Responsibility for provision the construction with materials, including details and designs, as well as equipment shall be borne by the contractor, unless the contract provides that the supply of the construction materials in whole or in part is the responsibility of the customer.

2. The contractor, whose duties include providing the construction materials, shall bear the risk of detected impossibility of use, without compromising the performance standards of the materials (details, structures), or equipment provided by the customer.

3. In the cases of detection impossibility of use, without compromising the performance standards of the materials (details, structures),, or equipment provided by the customer, the contractor shall require their replacement by the customer within a reasonable period, and in the case of non-fulfillment of this requirement, the contractor shall be entitled to cancel the contract and demand from the customer to pay the price of contract in proportion to the executed part of the work, as well as compensation for losses, which are not covered by this sum.

Article 657. Payment For Work

1. Payment for the performed work is made by the customer, in the amount provided in the estimates, at the time and in the manner established by legislative acts or contract. In the absence of appropriate legislative acts or contract, payment for the performed work of the contractor shall be made in accordance with Article 623 of this Code.

2. During the construction on a turnkey basis, the indicated in the contract price shall be paid in full, upon acceptance of the object by the customer, unless another is provided by agreement of the parties.

Article 658. Providing The Land Section For Construction

The customer shall be obliged to provide land for the construction in such area and state as indicated in the contract. In the absence of such instructions in the contract, the area and the state of the land should ensure the timely start of work, their normal maintenance and completion on time.

Article 659. Additional Duties Of The Customer In The Contract For Construction Work

The customer is obliged in the cases and in the manner prescribed by the contract for construction work, to transfer to the contractor for the use needed buildings and facilities, to ensure the transportation of goods to the contractor, the temporary power supply networks, water and steam lines, and provide other services. Payment shall be made on the terms stipulated in the contract.

Article 660. Control And Supervision Of The Customer For The Execution Of Work Under The Contract

1. Customer in the contract for construction work is entitled to exercise control and supervision over the progress and quality of the performed work, compliance with the terms of their performance (schedule), the quality of the materials provided by the contractor, and the correct use of the customer’s material by the contractor, without interfering the operational and economic activities of the contractor.

2. The customer, who in the control and supervision over the work found the waiver from the conditions of the contract, which could affect the quality of work or other deficiencies in it, must immediately declare this to the contractor. The customer, who has not made such a statement, loses the right to refer to the detected deficiencies in future.

3. The contractor is obliged to execute customer's instructions, obtained during the construction, and if such instructions do not conflict with the terms of the contract and interfere in the operational and economic activities of the contractor.

4. Contractor, who improperly executes the work, may not refer to the fact that the customer has not control and supervise of the execution, unless the obligation to exercise such control and supervision is the responsibility of the customer by legislative acts or contract.

Article 661. Contractor Responsibilities For The Environmental Protection And Safety Management Of Construction Works

The contractor shall have no right to use in the implementation of the work materials (details, constructions) and equipment provided by the customer, or to carry out his (her) instructions, if this may lead to a violation of the mandatory requirements for the parties on the protection of the environment and safety of the construction work.

Article 662. Obligations Of The Parties With The Conservancy Of Construction

If, for reasons beyond the control of the parties, the work under the contract of construction is suspended and the construction object is conserved, the customer is obliged to pay to the contractor fully for the executed work prior to the conservation work, and to compensate the costs caused by the need to halt the construction work and conservation.

Article 663. Delivery And Acceptance Of The Results Of Work

1. The customer, who received the message from the contractor on readiness for handing over of the works, performed under the contract of construction or, if this is provided by the contract,- stage of working, must immediately proceed the acceptance of the results.

2. The customer organizes and implements the results of work at his (her) own expense, unless otherwise stipulated by the contract. In cases stipulated by legislative acts, in the acceptance of the results of works the representatives of state bodies and bodies of local self-government should participate.

3. The customer, who is previously adopted the individual stages of work, shall bear the risk of loss or damage, which is not fault of the contractor, including in cases, where the contract provides for execution of works for the risk of the contractor.

4. Delivery of the results of the contractor and acceptance of them by the customer shall be formalized by act, signed by both parties, and in cases stipulated by legislative acts - by

representatives of state bodies and bodies of local self-government. In case of failure of one party to sign the act, it is marked about this and shall be signed by the other party.

A unilateral act of delivery or acceptance of the results of work can be recognized by a court as valid, only if reasons for the refusal to sign the act recognized unreasonable by the court.

5. In cases, where this is stipulated by legislative acts or contract or follows from the nature of the work, performed under the contract of construction, the acceptance of the results should be preceded by preliminary tests. In these cases, the acceptance of the results of work can only be done with a positive result of preliminary tests.

6. The customer shall be entitled to refuse from the acceptance of the results of work in case of deficiencies, that prevent the use of the results of work for the purpose specified in the contract and cannot be removed by the contractor, the customer or a third party.

If during the acceptance found any deficiencies, they must be specified in the act, provided by paragraph 4 of this Article.

7. In cases stipulated by legislative acts, built objects should be accepted by the State Commission.

The Government of the Republic of Kazakhstan establishes the procedure for state acceptance of constructed objects and determines the possibility of participation of State bodies in interim acceptance.

Article 664. Contractor's Liability For Quality Of Work

The contractor shall be liable to the customer for the deviations from the requirements of the contract, project and binding on the parties construction regulations, as well as for failure on the indications of construction object, specified in the design estimate documentation, including the production capacity of the enterprise.

On reconstruction (renovation, rebuilding, restoration, etc.), of a building or facilities, the contractor shall be responsible for the reduction or strength loss, stability, solidity of buildings, facilities or their integral parts.

Article 665. Guarantee Of Quality In The Construction Contract

1. The contractor, unless another is provided by the construction contract, guarantees achievement of indicators by the object of construction specified in the design-estimate documentation and the possibility to operate the facility in accordance with the contract during the warranty period. The warranty period is ten years from the date of acceptance of object by the customer, unless a different warranty period is provided by legislative acts or contract.

2. The contractor is liable for defects, discovered within the warranty period, unless it is proved that they arose as a result of normal wear and tear of the object or its parts, its

improper use or incorrect instructions for its use, which are developed by the customer or the third parties involved by him (her), improper repair of the object, produced by the customer or the third party involved by him (her).

3. Running the warranty period shall be suspended for the time during which the object could not be used, due to defects (defects or deficiencies), under the responsibility of the contractor.

4. When detecting defects within the warranty period, specified in paragraph 4 of Article 630 of this Code, the customer must inform about them to the contractor within a reasonable time after their discovery.

5. Construction contract may stipulate the right of the customer to hold back the part of the prices of work indicated in the estimate provided in the contract before the end of the warranty period.

Article 666. Removal Of Deficiencies At The Expense Of Customer

1. Construction contract may provide the contractor's obligation to remove at the request and at the expense of the customer defects (defects and deficiencies), for which the contractor is not responsible.

2. The contractor shall have the right to refuse to perform works specified in paragraph 1 of this Article in cases, where they are not directly related to the subject of the contract, or cannot be performed by the contractor for reasons beyond his (her) control.

Paragraph 4. Features of a construction for design and prospecting work

Article 667. Contract Of Construction For Design And Survey Work

1. Under the construction contract for design and survey work, the contractor (designer, prospector) undertakes to develop, according to the order of customer the design estimate documentation and (or) perform exploration work, and the customer agrees to accept and pay for them.

2. Unless another is stipulated by legislative acts or the contract for design and survey work, the risk of accidental impossibility of performance of the contract for design and survey work rests to the customer.

Article 668. Initial Data For The Design And Prospecting Work

1. Under the construction contract for design and prospecting work, the customer is obliged to transfer to the contractor the design assignment, as well as other basic data necessary for producing design-estimate documents. Design assignment on behalf of the customer can be prepared by the contractor. In this case, the task becomes binding on the parties from the moment of its approval by the customer.

2. The contractor shall comply with the requirements of the job and other initial data for designing and execution of prospecting work, and have the right to derogate from them only with the consent of the customer.

Article 669. Obligations Of The Customer

Under the construction contract for design and prospecting work, the customer is obliged, unless another is provided by the contract:

1) to pay the contractor the price after the completion of all work, or to pay it in installment upon completion of individual stages of work;

2) to use of design-estimate documentation, received from the contractor, only for the purposes specified in the contract, not to transfer design-estimate documentation to third parties and to disclose the information, without the consent of the contractor;

3) to provide services to the contractor in the design and prospecting work in the extent and on the terms the stipulated in the contract;

4) to participate with the contractor in the agreement of the finished design-estimate documentation with the competence state bodies and bodies of local self-government;

5) to compensate the contractor for the additional costs, caused by the change of initial data for design and prospecting works, due to circumstances beyond the control of the contractor;

6) involve the contractor to participate in the suit, filed to the customer by a third party in connection with deficiencies of prepared project documentation or completed survey works.

Article 670. Obligations Of The Contractor

Under the construction contract for design and survey work, the contractor shall:

1) perform work in accordance with the transferred to him (her) base data for design at the conclusion of the contract;

2) agree with the customer the finished design and estimate documentation and, if necessary, agree together with the customer, with the competent State bodies and bodies of local self-government;

3) unless another is provided by the contract, transfer to the customer at the same time the ready design and estimate documentation and the results of survey works;

4) not transfer the design and estimate documentation to any third party without the consent of the customer.

Article 671. Guarantees Of The Contractor

Contractor under the contract for the design and survey works guarantees the customer the lack of third-party rights to prevent or limit the performance of work, on the basis of the prepared by the contractor design-estimate documentation.

Article 672. Contractor's Liability For Defects Of The Design Estimate Documentation And Survey Works

1. Contractor under the contract for the design and survey works is responsible for the shortcomings of the design-estimate documentation and survey works, including defects identified later, during the construction and the operation of the facility, which is based on the development of design-estimate documentation and data of survey works.

2. In the case of detection of defects in the design and estimate documentation or in survey work, the contractor is obliged on request of the customer, free of charge, to alter the design and estimate documentation and accordingly make the necessary additional survey work, and also compensate the customer's losses, unless the legislation or the contract provides otherwise.

3. Claims, arising from the deficiencies of design documentation, may be presented by a person, who is using the design documentation, even though he (she) was not a customer in its construction.

Paragraph 5. Features of the contract for research, development and technological work

Article 673. Contracts For Research, Development And Technological Work

1. Under the contract for research work, the contractor (executor) is obliged to carry out the research due to requirements of the customer, and on the contract for the development and technological works - to develop a model of a new product, the construction documentation on it, a new technology or to make the pattern; an d the customer agrees to give the contractor (executor) technical requirements, to take the results of the work and pay for them.

2. The contract with the contractor (executor) may cover the whole cycle of research, development and manufacturing of samples and their individual elements.

Article 674. Execution Of Works

1. Contractor (executor) is obliged to make research personally. Unless another is provided by the contract, he (she) is entitled to engage the third parties in the performance of the scientific research contract, only with the consent of the customer.

2. In the performance of development and technological works, the contractor is entitled to involve in the execution the third parties as subcontractors, unless otherwise provided by the contract,

Article 675. Hand Over, Acceptance And Payment For Work

The contractor is obliged to hand over (executor), and the customer to accept and pay fully for the completed research, development and technological works. Contract may provide

for the acceptance and payment of the individual stages of works or any other payment method.

Article 676. Privacy Of The Contract

Unless otherwise provided by the contract for research or development and technological works:

1) the contractor (executor) and the customer must ensure the confidentiality of information relating to the subject matter of the contract, the progress of its execution and results. The amount of information, which is recognized as confidential shall be determined in the contract;

2) The contractor shall be entitled to patent the results of work, obtained under this contract, only with the consent of the customer.

Article 677. Rights Of The Parties On The Results Of Work

1. The customer under the contract for research or development and technological works has the right to use the results of the work, transferred to him (her) to the extent and under the conditions provided in the contract.

2. Unless otherwise provided by the contract, the contractor (executor) may use the received result of the works for him (her) self.

3. The contract may provide the right of the contractor (executor) to implement the results to the third parties.

Article 678. Obligations Of The Customer

Customer under the contract for research or development and technological work must:

1) give the contractor (executor) technological requirements and agree with him (her) the program (technical and economic parameters) or the subject of the work;

2) transfer to the contractor (executor) required for the work information;

3) to take the results of the performed work and pay for them (Article 623 of the Code).

Article 679. Obligations Of The Contractor (Executor)

1. Contractor (executor) under the contract for research or experimental development and technological work must:

1) perform the work in accordance with the program or theme, agreed with the customer (technical and economic parameters) and give the results to the customer in the contract time;

2) comply with the requirements relating to the legal protection of intellectual property;

3) by his (her) own efforts and expenses, remove admitted to his (her) fault, deficiencies in the technical documentation, which could lead to deviations from the technical and

economic parameters, stipulated in the technical specifications of the customer or in the contract;

4) immediately inform the customer about the detected inability to obtain the expected results or inexpedient to continue the work;

5) guarantee to the customer the lack of third parties of exclusive rights for the transferred results on the basis of such contract.

2. Unless another is provided by the contracts for research, development and technological works, the contractor (executor) must:

1) refrain from publishing without the consent of the customer for technical and scientific results, obtained during the work;

2) take steps to protect received during the work, capable for legal protection results and inform the customer;

3) provide customer with exclusive license for the use of legally protected scientific and technical results, applied to the completed works.

Article 680. Consequences Of Failure To Achieve Result In The Contract On Scientific-Research Works

If, in the course of scientific-research works reveals the inability to achieve results due to circumstances beyond the control of the contractor (executor), the customer is obliged to pay the cost of work performed prior to the detection inability to achieve the results provided in the contract, but not exceeding the relevant part of the price of the works, specified in the contract.

Article 681. Consequences Of Failure To Achieve Result In The Contract On Development And Technological Works

If in the course of development and technological works are detected the fault on the impossibility or inexpediency of continuing the work, for which the contractor is not responsible, the customer must pay for the cost incurred by the contractor.

Article 682. Liability Of The Contractor (Executor) For Breach Of Contract

1. Contractor (executor) shall be liable to the customer for non-execution or improper execution of the contract for scientific research or experimental development and technological works, unless he (she) proves that the breach of contract occurred due to the contractor (executor).

2. Contractor (executor) who breaches the contract, is obliged to pay damages to the customer in the form of real damage, unless the contract provides otherwise.

Chapter 33. Paid services

Article 683. Paid Service Agreement

1. Under the paid service agreement the contractor shall on the instruction of the customer provide services (to perform certain acts or to carry out certain activities), and the customer agrees to pay for these services.

2. The provisions of this chapter shall apply to contracts of communications services, medical, veterinary, audit, consulting, information services, training services, tourism services and the other, except for services, provided under the contract as specified in Chapters 32, 34, 35, 39, 41, 43 and 44 of this Code.

Article 684. Performance Of The Contract For Paid Services

Unless another is provided by paid service contract, the Contractor shall provide the services personally.

Article 685. Payments For Services

1. The customer is obliged to pay for services rendered to him (her) in time and in the manner specified in the contract for paid services.

2. In case of impossibility of performance, caused by fault of the customer, the services shall be paid in full, unless otherwise provided by legislation or a contract for paid services.

3. If the impossibility of performance arose due to circumstances for which neither party is responsible, the customer shall fully compensate the contractor the actually incurred costs, unless another is provided by legislation or contract.

Article 686. Unilateral Refusal To Perform Paid Service Agreement

1. The customer shall be entitled to cancel the contract of paid services, subject to payment to the executor the actually incurred expenses.

2. The contractor shall have the right to refuse to perform the obligations under the contract of paid services, only with the full compensation for damages to the customer, caused by the termination of the contract, unless it was the fault of the customer.

Article 687. Legal Regulation Of The Paid Service Agreement

General provisions on the work and labor contract (Articles 616-639 of this Code) and the provisions on domestic contract (Articles 640-650 of this Code) shall apply to the paid services contract, unless this is contrary to Articles 683-686 of this Code, as well as special paragraphs of paid services contract.

Chapter 34. Transportation

Article 688. General Provisions

1. Transportation of goods, passengers and luggage is carried out on the basis of the contract of carriage.

2. General conditions of carriage are determined by legislative acts on transport, other legislative acts and regulations made under these rules.

Conditions for the carriage of goods, passengers and luggage by differents of transport shall be determined by agreement of the parties, unless this Code, legislation on transport, other legislative acts and regulations made under these rules provides otherwise.

Article 689. Contract On Carriage Of Goods

1. Under the contract of carriage of goods, one party (the carrier) is obliged to deliver the entrusted to him (her) by the other party (the sender) goods to the destination and to give authorized to receive the goods person (the recipient), and the sender agrees to pay for the shipping fee, according to the contract or tariff.

2. Contract of carriage is made by transport bill, consignment, bills of lading or other document to the goods, provided by legislative acts on transport.

Article 690. Contract On The Carriage Of Passengers

1. Under a contract of carriage of the passenger, the carrier undertakes to carry the passenger to the destination and, in the case of attached passenger baggage-also deliver baggage to the destination and hand baggage authorized to receive the baggage person; the passenger agrees to pay the fare, and for transports for their person and their baggage.

2. The contract for the carriage of passengers and baggage is accordingly issued by a travel ticket and baggage check. The form of ticket and baggage check, is established in the manner prescribed by legislative acts on transport.

Article 691. Contract Of Affreightment (Of Charter)

Under the contract of affreightment (of charter), one party (carrier) is obliged to provide to the other party (the charterer) for a fee all or part of the capacity of one or more vehicles on one or more flights for the carriage of passengers, baggage and cargo.

The procedure for the conclusion of contract of affreightment and the form of the contract and its kinds are established by legislative acts on transport.

Article 692. Contracts On Transport Management

The carrier and the shipper, if necessary, for systematic traffic may conclude long-term contracts on transport management.

Under the contract of transport management of goods, the carrier is obliged to take, within the prescribed time and the shipper is obliged to offer for carriage, the goods in the stipulated amount.

Contract on transport management is determined the volume, timing, quality and other conditions of delivery of vehicles and presents the goods for carriage, as well as other conditions of transport management, which are not provided by legislative acts.

Article 693. Contracts Between Transport Organizations

Between organizations of differents of transport can be concluded contracts on ways to ensure transportation of goods (nodal agreements, contracts for centralized delivery (exports) of goods, etc.).

Procedure for the conclusion of such contracts is defined by legislative acts on transport.

Article 694. Direct Mixed Traffic

The relationship of transport organizations during the transportation of goods, passengers and baggage by different modes of transport on a single transport document (direct mixed traffic), as well as the Organization of transport is determined by agreements between the organizations of the respective modes of transport, concluded in accordance with the legislative acts on the direct multimodal transport.

Article 695. Transportation By Transport For Public Use

1. Transportation carried out by a commercial organization, recognized as a public transport carriage, in the case, if the legislation and other normative legal acts or issued by the organization license (patent) provides that this organization is obliged to transport passengers, cargo and (or) baggage handling of any citizen or legal entity.

2. The contract of carriage by public transport is a public contract (Article 387 of this Code).

Article 696. Supply Of Vehicles, Loading (Unloading) Of Cargo

1. The carrier is obliged to submit to the shipper the goods for loading, within the period, prescribed in the application (the order), the contract of carriage serviceable vehicles in a condition suitable for the carriage of the goods.

Consignor has the right to refuse to cast vehicles, unsuitable for the carriage of cargo.

2. Loading (unloading) of cargo is carried out by the transport organization or by the sender (receiver) in the manner and time prescribed by the contract, subject to the requirements established by the legislative acts on transportation and the rules published in accordance with them.

3. Loading (unloading) of cargo, carried by forces and means of the consignor (consignee) , must be made within the time specified in the contract, if such terms are not established by legislative acts on transportation and by the rules published in accordance with them.

Article 697. Carriage Charge

1. For the carriage of goods, passengers and luggage where there is a fee, this must be established by agreement of the parties, unless otherwise provided by legislation.

2. Payment for the transportation of goods, passengers and luggage by public transport is determined on the basis of tariffs, which are approved in accordance with the legislative acts on transport.

3. Works and services, that are not covered by the tariffs and performed at the request of the cargo owners shall be paid by agreement of the parties.

4. Carrier has the right to retain transferred to him (her) to the carriage cargo and baggage due to him (her) in securing the freight and other charges for the carriage (Article 292 of the Code), unless it is provided otherwise by the legislation, contract of carriage, or follows from the obligation.

Article 698. Delivery Period Of Cargo, Passengers And (Or) Luggage

The carrier is obliged to deliver the cargo, passengers or luggage at the destination in time , which is defined by certain legislative acts on transportation and the rules of transportation in accordance with them. If the period of delivery of cargo, passengers or luggage is not set and the parties did not include this term in the contract, the delivery must be made within a reasonable period of time.

Article 699. The Right To Dispose of The Cargo

1. The shipper or owner of administrative documents for the cargo may require the carrier to stop transportation or return the cargo or to make another order. In this case, the carrier shall be entitled to demand payment for the already made shipment, as well as the compensation for expenses incurred in connection with the order made.

2. Shipper losses mentioned in the previous paragraph rights at the moment of handing over the goods to the consignee after arrival of the goods at destination.

3. When deviation of the consignee from the execution of obligations to obtain goods, requiring special storage conditions (perishable), in the absence of the shipping instructions of such cargo, and the storage of it, is impossible and may cause damage, the carrier is entitled to sell the goods.

The amount, received from the sale of goods, entered under the terms of the deposit in the name of the notary, net amount due to the carrier.

Footnote. Article 699 as amended by the Law of the Republic of Kazakhstan dated December 6, 2001 № 260.

Article 700. Passenger Rights

Passengers have the right in the manner prescribed by the legislative acts of transport to

1) transport their children with them for free or other favorable terms;

2) to carry with a free hand luggage up to a certain limit;

3) take the luggage to be transported for a fee at the rate declared.

Article 701. Liability For Violation Of Obligations On Transportation

1. In the case of non-performance or improper performance of obligations on transportation, the parties shall bear the liability, established by this Code, the legislation on transport, other legislative acts, as well as the agreement between the parties.

2. The agreement of transport organizations with passengers and shippers (consignors) on the limitation or elimination of liability, established by legislative acts are not valid, unless the possibility of such agreements for carriage of goods provided by legislative acts on transport.

Article 702. Carrier's Liability For Failure To Provide Vehicles And The Sender For The Failure Of Usage Of These Vehicles

1. Carrier for the failure of vehicles for the carriage of goods in accordance with the application (order) or other contract, and the sender for failure of loading or failure of use of vehicles for other reasons, shall be responsible by legislative acts, as well as the agreement of the parties.

2. The carrier and the consignor shall be released from liability in the event of failure or delay in delivery of vehicles or non-use of vehicles, if it occurred as a result of:

1) force majeure;

2) termination or limitation of the carriage of goods in certain areas, specified in the order established by the legislative acts on transport;

3) in other cases stipulated by legislative acts.

Article 703. The Carrier's Liability For Direct Mixed Traffic

The carriers in the direct mixed traffic are liable for loss, damage, injury, shortage of cargo to the consignor (consignee) jointly and severally.

The latest carrier bears the responsibility for the delay, unless he (she) proves that the failure was not caused by the carriers.

Article 704. Carrier's Liability For The Delay Of Passengers Departure

1. For the delay in sending the vehicle, which is carrying passengers, or the delay such a vehicle in the destination (except for traffic in the urban and suburban areas) the carrier shall pay to the passenger a fine in the amount established by the legislation on transport, unless he (she) proves that the delay or arriving late occurred due to force majeure.

2. In case of passenger's refusal of carriage due to the delay of departure of the vehicle, the carrier is obliged to return fare to the passenger in full amount and compensate to the passenger the losses incurred due to the delay.

Article 705. Carrier's Liability For Loss, Shortage Or Damage (Or Injury) Of Cargo Or Luggage

1. The carrier provides cargo or luggage from the adoption of the carriage and delivery to the recipient, the authorized person or a person, authorized to receive luggage.

2. The carrier is liable for the loss of the cargo or luggage, unless he (she) proves that the loss, shortage or damage (injury) of cargo or luggage were not his (her) fault.

3. Damage caused during the carriage of goods or luggage, shall be compensated by the carrier:

1) in the event of loss or shortage of goods or luggage - in amount of lost or missing cargo or luggage;

2) in the case of damage (injury) of cargo or luggage - in the amount by which its price was reduced, and in case of impossibility of restoration of the damaged cargo or luggage in the amount of its value;

3) in the case of loss of cargo or luggage, surrendered to the carriage with the announcement of its value - in the amount of the declared value of the goods or luggage.

The value of the goods or luggage is determined based on the price, specified in the seller' s account or under the contract, and in the absence of an account or specify the price in the contract - based on the price, which under comparable circumstances is usually charged for similar goods.

4. The carrier, along with the compensation of estimated damage, caused by the loss, shortage or damage (injury) of cargo or luggage, shall return to the sender (receiver) fare charged for the carriage of the lost, missing, corrupted or damaged cargo or luggage, if this fee is not included in the price of goods.

5. On the causes of the failure to preserve documents of cargo or luggage (commercial report, general form acts, etc.), made by the carrier unilaterally, subject to evaluation by the court in the event of a dispute, along with other documents certifying the circumstances that may give rise to liability of the carrier, shipper or recipient of cargo or luggage.

Article 706. Claims And Lawsuits On The Transport Of Goods

1. Prior to filing a claim against the carrier, arising from the carriage of goods, it is necessary to present a claim to the procedure established by legislative acts.

2. The limitation period for claims arising from the carriage of goods, shall be one year.

3. The provisions of this Article shall not apply to claims arising from the carriage of passengers and luggage.

Article 707. Carrier's Liability For Damage Harm To The Life Or Health Of The Passenger

Carrier's liability for obligations, arising from harm to life or health of the passenger is determined by the rules of Chapter 47 of this Code, unless the legislative acts or contract of carriage provides the increased liability of the carrier.

Chapter 35. Freight Forwarding

Article 708. CONTRACT of FREIGHT FORWARDING

1. Under the contract of freight forwarding, one party (freight forwarder) agrees for a fee and at the expense of the other party (the client-the shipper, the consignee or any other interested persons in the services of the freight forwarder) perform or arrange for the performance services, under the certain contract of forwarding related to the carriage of cargo, including a sign on behalf of the client, or on his (her) own behalf the contract of the carriage (contracts).

Additional services, by the contract of freight forwarding which can be provided such as the implementation of the necessary delivery operations, as obtaining required for export or import documents, execution of customs and other formalities, checking the quantity and condition of the goods, its loading and unloading, the payment of duties, taxes and imposed on the client, storing the goods, its recipient at the destination, as well as perform other operations and services.

With the consent of the client, the freight forwarder may him(her)self determine by what of transport to convey goods, taking into account the interests of the client, the level of tariffs and the terms of delivery.

2. In the part, which is not regulated by this chapter, and to the relations by the contract of freight forwarding shall be applied the provisions of Chapter 41 of this Code, if the freight forwarder under the contract, acts on behalf of the client, and the provisions of Chapter 43 of this Code - if he (she) acts on his (her) own behalf.

Footnote. Article 708 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 709. Form Of Contract

1. Forwarding contract is in writing form.

2. The client must issue a power of attorney to the freight forwarder, if it is necessary for the performance of his (her) duties.

Footnote. Article 709 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011-IV № 421 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 710. Documents And Other Information Provided To The Forwarder

1. The client is obliged to provide the forwarder the documents and other information about the properties of the goods, the conditions of transportation, as well as other information necessary for the execution of the freight forwarder duties under the contract.

2. The freight forwarder is obliged to inform the client about the shortcomings of the received information and, in the case of incomplete information, request from the client the necessary additional information.

3. In case of failure by the client the necessary information, the freight forwarder may not proceed to the execution of the respective obligations before providing such information.

4. The client is responsible for damages, caused to the forwarding agent for breach of duty to provide the information, specified in paragraph 1 of this Article.

Footnote. Article 710 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 711. Performance Of The Freight Forwarder Duties By A Third Party

1. If the contract for freight forwarding is not provided the freight forwarder's obligation to perform their duties in person, the freight forwarder has the right to engage other persons for the execution of his (her) duties.

2. Assignment of performance of an obligation to a third party shall not relieve the freight forwarder from the liability to the client for execution of the contract.

Article 712. The Right Of Retention

Forwarder has the right to retain the goods only in connection with non-payment of fees, which he (she) should receive for forwarding.

Article 713. Freight Forwarder's Liability Under The Contract Of Freight Forwarding

1. Failure to perform or improper performance of obligations under the contract of freight forwarding, the freight forwarder is liable on the grounds and in the amount determined in accordance with the rules of Chapter 20 of this Code.

2. If the freight forwarder proves, that the breach of an obligation caused by the improper performance of the contract of carriage, the liability of the freight forwarder to the client is determined by the same rules, by which the corresponding carrier is responsible to the freight forwarder.

Footnote. Article 713 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 714. Unilateral Refusal To Perform A Contract Of Freight Forwarding

1. The client or the freight forwarder is entitled to refuse to perform the contract of freight forwarding, with noticing the other party within a reasonable period of time.

2. When a unilateral refusal to perform the contract, the party, who has declared the refusal shall compensate the other party the damages caused by the termination of the contract .

Footnote. Article 714 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011-IV № 421 (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 36. Loan

Article 715. LOAN AGREEMENT

1. Under the loan agreement, one party (the lender) transfers, and in the cases provided by this Code or the contract, shall transfer to the ownership of (economic management, operational management) another party (the borrower) money or things, with certain generic characteristics, and the borrower agrees to return the lender the same amount of money or an equal number of things of the same kind and quality.

2. Agreements, the performance of which involves transferring of money or things, with certain generic features may provide for the granting of the loan, including the advance payment, pre-payment, deferment and installment payment for goods (works and services), unless another is provided by legislative acts and not conflict with the relevant obligations.

3. Legal entities and citizens are prohibited from raising money in the form of a loan from the citizens as a business activity and such contracts are considered to be invalid from the moment of their conclusion.

This prohibition does not apply to cases, where the borrowers are banks, which are licensed by the authorized State agency to accept deposits, as well as on a pattern of money in exchange for securities, the issue of which are registered in the manner prescribed by the legislation.

Footnote. Article 715 as amended by the Law of the Republic of Kazakhstan dated July 10, 2003, № 483 (shall be enforced from January 1, 2004).

Article 716. Form Of The Loan Agreement

1. The loan agreement must be concluded in a form, consistent with the rules of Articles 151-152 of this Code.

2. The loan agreement deemed to be concluded in the proper writing form with the presence of a bond, receipts of the borrower or other document certifying transfer to him (her) by the lender a certain amount or a certain number of things.

Article 717. Conclusion Of The Loan Agreement

Loan contract is considered to be concluded from the time of the transfer of money or things, unless another is provided by this Code or by agreement of the parties.

In cases, where the contract provides for the transfer of money or things in parts (in installments), it is concluded from the time of the transfer of the first part, unless a contract provides otherwise.

Article 718. Remuneration Under The Loan Agreement

1. Unless another is provided by legislative acts of the Republic of Kazakhstan or the contract, for the use of the subject of the loan, the borrower pays a fee the lender in the amount, defined by the contract.

2. Protection of the rights of borrowers of banks and organizations engaged in certains of banking operations, micro-credit organizations and credit unions is provided by setting limits on the size of the annual effective interest rate, including remuneration, all kinds of commissions and other charges collected by the lender in connection with the issuance and servicing of the loan, and calculated in the manner prescribed by the legislation of the Republic of Kazakhstan.

The maximum amount of annual effective interest rate is determined by the normative legal acts of the National Bank of the Republic of Kazakhstan, in coordination with the authorized state agency for regulation and supervision of financial market and financial organizations.

3. If the borrower under the loan agreement are transferred things, the remuneration is made in the case, where its size and shape (monetary or in-kind) provided by the contract.

4. The procedure and terms of remuneration are provided by the loan agreement.

If the order and terms of payment of remuneration are not provided by the contract, it is paid monthly.

5. If the borrower does not return the subject of the loan in time, the remuneration is paid for the entire period of use of the subject of loan.

Footnote. Article 718 is in the wording of the Law of the Republic of Kazakhstan dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar days after its first official publication), as amended by the Laws of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication), dated 26.11.2012 № 57-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 719. Providing The Subject Of Loan

1. The subject of the loan is provided in the time, in the amount and on the terms specified in the agreement.

Unless another is provided by the contract, the subject of the loan is granted at the time of its transfer to the borrower or including appropriate money to his (her) bank account.

2. The borrower may refuse to receive the subject of the loan in whole or in part by notifying the lender in the contract term prior to its transferring, unless another is provided by legislation or contract.

3. When granting a loan for consumption, defined by generic characteristics, execution of the conditions on their number, range, completeness, quality, tare and (or) the packaging shall be in accordance with the rules of the contract for the sale of goods (Articles 406-492 of the Code), unless the contract provides otherwise.

Article 720. Special-Purpose Loan

1. Unless otherwise provided by the contract, the loan is expected to be without the special purpose, and the borrower uses the loan subject at his (her) discretion.

2. In cases, where the contract is concluded under the condition of the usage of the borrower the subject of the loan for certain purposes (special-purpose loan), the lender has the right to exercise control over the purpose use of the loan, and the borrower must provide the lender the possibility of such control.

3. Failure by the borrower of responsibilities for the purpose use of the subject of loan, as well as the obligations under paragraph 2 of this Article, the lender has the right to cancel the agreement of loan, accordingly failure to provide part of the subject of loan and demand the borrower to the early return of the loan, and interest on it.

Article 721. Ensuring The Performance Of Obligations Of The Borrower

1. Performance of obligations to return the subject of the loan and payment of compensation may be achieved in ways prescribed by this Code. In this case, the borrower must provide the lender the ability to control the security of the loan, unless another is provided by legislative acts or contract.

2. Failure by the borrower of responsibilities for the return of the object of the loan and the payment of compensation, as well as in case of loss the security or deterioration of the conditions due to circumstances, for which the lender does not respond, the lender has the right to cancel the agreement of loan, respectively failure to provide part of the subject of the loan and demand the borrower early return of the loan subject and interest on it.

Article 722. Return Of The Subject Of The Loan

1. The borrower must return the subject of the loan in the manner and time provided by the contract.

Unless another is provided by the contract, the subject of the loan is considered to be returned at the time of its transferring to the lender or including the appropriate money in his (her) bank account.

If the return period of the loan is not provided by the contract, it must be returned by the borrower within thirty days from the date of request of the lender about this.

The subject of the loan, which is granted without conditions of remuneration may be returned early. The subject of the loan granted to the payment of remuneration may be returned early from the consent of the lender or if the contracts provides so.

Remuneration on the loan can be repaid in advance at any time, unless another is provided by the contract.

2. With the consent of the lender, the borrower's obligations may be performed: under the agreement of money loan - taking into account the debt of things, determined by certain generic characteristics; under the agreement of things loan - making money for debt. The cost of these things is determined by agreement of the parties.

3. If the contract provides for the return of the loan in parts (installment), and when the borrower violates by the deadline for return of the next part of the subject of the loan, the lender has the right to demand early return of the entire subject of the loan along with remuneration due.

4. If the contract provides for the payment of interest on the loan in time, lead time for the return of the subject of loan, in violation of deadline for payment of compensation, the lender has the right to demand the borrower to the early return of the loan, together with the subject remuneration due.

Article 723. Term To Meet The Requirements For Early Return Of The Loan Subject

Upon presentation of the lender the requirements for early return of the loan subject on the grounds provided by paragraph 3 of Article 720, paragraph 2 of Article 721, paragraphs 3 and 4 of Article 722, a new maturity date of return the subject of the loan and the payment of the remuneration is calculated by the rule established by paragraph 1 of Article 722 of this Code.

Article 724. Contestation Of The Loan Agreement

1. The borrower has the right to challenge the loan agreement, proving that the subject of the loan (money or things) is not actually received by him (her) from the lender or obtained in a smaller size or quantity, than that specified in the contract.

2. In cases, where the loan agreement must be made in writing (Article 716 of this Code), its contestation by the testimony is not allowed, except where the contract was concluded under the influence of fraud, violence, threats, malicious agreement of agents of the parties or concurrence of difficult circumstances (paragraphs 9 and 10 of Article 159 of this Code).

725. Novation Of The Obligation In The Loan Agreement

1.By agreement of the parties, any obligation arising from transactions of purchase and sale, lease of the property or other grounds may be executed by the loan agreement.

2. Registration of obligation in the loan agreement is carried out in compliance with the requirements on novation (Article 372 of this Code) and is in the form, provided for the loan agreement (Article 716 of this Code).

Article 726. Contract Of State Loan

1. Under the contract of state loan the borrower is the state, the lender is a citizen or legal entity.

2. State loans are voluntary.

3. The State loan is concluded through the purchase by the lender of government bonds, and other government securities (certified or uncertified), certifying the lender's right to receive from the borrower granted him (her) a loan of money or, depending on the terms of the loan, other property equivalent, set remuneration or any other property rights within the time specified in the terms of issue of the loan.

4. The obligations arising from the contract of state loan, the borrower is responsible by the property of the State Treasury.

5. Features of the participation of the Republic of Kazakhstan on state loan may be established by legislative acts.

Article 727. Contract Of Bank Loan

1. Under the bank loan contract, the lender agrees to lend money to the borrower on the terms of payment, maturity and repayment.

1-1. Under the bank loan contract, in which the lender is the Islamic bank, the loan of money is based on the maturity and repayment and without charging fees for the use of money.

2. To the contract of bank loan shall apply the rules relating to the loan agreement with the specifications provided by Article 728 of this Code.

Footnote. Article 727 as amended by the Laws of the Republic of Kazakhstan dated 23.12.2005 № 107 (the order of enforcement see Art. 2); dated 12.02.2009-IV №133 (the order of enforcement see Art. 2).

Article 728. Features Of The Bank Loan Contract

The bank loan contract has the following features:

1) the lender is a bank or other legal entity, licensed from the authorized state body for loans in cash;

2) the subject of the contract is money, that can be provided in the future. In the latter case , the contract is deemed entered into force from the moment of its conclusion (paragraph 1 of Article 393 of this Code), unless this contract provides otherwise;

3) The contract shall be in writing. Failure to comply with the written form shall entail the invalidity of the contract of bank loan;

4) the contract cannot contain a condition, providing the right of bank or other legal entity , which is licensed by authorized State body on loans in cash, to unilaterally change the terms of the contract, unless another is provided by legislative acts of the Republic of Kazakhstan;

5) to the bank loan contract shall not apply the provisions of paragraph 2 of Article 722 of this Code, except as provided by the banking legislation of the Republic of Kazakhstan;

6) the provisions of paragraphs 3 and 4 of Article 722 of this Code shall apply to the contract of bank loan, if the borrower violates the deadline for returning the next part of the loan subject and (or) the payment of compensation, by more than forty calendar days.

Banks are prohibited from issuing loans, secured by shares, an issuer of which is the bank or loan for the purchase of these shares.

Footnote. Article 728 is in the wording of the Law of the Republic of Kazakhstan dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 37. Financing Under Cession of Monetary Claim (Factoring)

Article 729. Contract Of Financing Under Cession Of Monetary Claim (Factoring)

1. Under the contract of financing under cession of monetary claim, one party (financial agent) transfers or agrees to transfer the money to the other party (the client), and the client assigns or agrees to assign to the financial agent monetary claim against a third party, arising from the relationship between the client (creditor) with this third party (the debtor).

Monetary claim against the debtor may be assigned by the client to the financial agent in order to ensure the fulfillment of an obligation of the client before the financial agent.

2. Obligations of the financial agent under the contract of financing under cession of monetary claim may include conducting to the client accounting and production of documents in respect of money claims (billing on monetary claims) that are the subject of concessions, as well as providing the client with other financial services related to these requirements.

3. General rules on assignment of claims, established by this Code (Articles 339-347 of this Code) shall apply to financing under cession of monetary claim, unless another is provided by this Chapter.

Article 730. Form Of Contract On The Financing Under Cession Of Monetary Claim

Contract of financing under cession of monetary claim must be made in writing in compliance with the provisions of Article 346 of this Code.

Article 731. Monetary Claim, Assigned In Order To Funding

1. The subject of the assignment, where funding is provided, may be a money claim, the payment maturity which has already arrived (the current requirement), and the right to receive the money that arising in the future (the future requirement).

Monetary claim which is the subject of assignment must be defined in the contract between the client and the financial agent, in a way that allows the identification of the existing monetary claim at the time of conclusion of the contract, and future demand - no later than at the time of its occurrence.

2. The current cash requirement is deemed to be transferred to the financial agent from the moment of conclusion of the contract, unless the contract provides otherwise.

When the assignment of future monetary claim, it is considered to be transferred to the financial agent, after arising the right to receive money from the debtor, which is the subject of assignment of a claim under the contract.

If the assignment of a monetary claim due to the certain event, it shall enter into force after the occurrence of the event. Additional registration of the assignment of a monetary claim in these cases is not required.

Article 732. Responsibility Of The Client To Financial Agent

1. Unless the contract provides otherwise, the client is liable to the financial agent for the invalidity of a monetary claim, which is the subject of the assignment.

2. A monetary claim which is the subject of the assignment shall be valid if the client has the right to transfer the monetary claim, and at the time of the assignment, he (she) is not aware of the circumstances, due to which the debtor has the right not to execute them.

3. The client is not liable for non-performance or improper performance by the debtor of the claim, which is the subject of the assignment, in case of presenting it by financial agent for execution, unless another is provided by the contract between the client and the financial agent

Article 733. Invalidity Of The Prohibition Of Assignment Of A Claim

Assignment of a monetary claim to the financial agent is valid, even if the client and his (her) debtor have an agreement on its prohibition or restriction.

Article 734. Subsequent Assignment Of A Monetary Claim

Unless the contract of financing under cession of monetary claim provides otherwise, the subsequent assignment of a monetary claim by the financial agent shall not be allowed.

In cases, where the subsequent assignment of a monetary claim is allowed by the contract, to it accordingly shall apply the provisions of this Chapter.

Article 735. Performance Of Monetary Claim To The Financial Agent By The Debtor

1. Debtor is obliged to make payment to the financial agent under the condition that he (she) received from the client or from the financial agent a written notice of the assignment of a monetary claim to that financial agent.

The notification shall be specifically identified enforceable monetary claim and specified the financial agent to whom payment shall be paid.

2. At the request of the debtor, the financial agent shall, within a reasonable period submit to the debtor the proof that the assignment of a monetary claim by the financial agent actually took place. If the financial agent does not fulfill this obligation, the debtor has the right to make payment to the client pursuant to the performance of his (her) obligation before the last.

3. Performance of a monetary claim by the debtor to the financial agent in accordance with the rules of the present Article, releases the debtor from the corresponding obligations to the client.

Article 736. The Right Of The Financial Agent On The Amounts Received From The Debtor

` 1. If, under the terms of the contract of financing under cession of monetary claim, the financing of the client is carried out by purchase by the financial agent, and the latter acquires the right to all the amounts, that he (she) shall receive from the debtor in response to a request , and the client is not liable to the financial agent for the fact that resulting by him (her) sum is less than the amount paid by the financial agent to the client.

2. If the assignment of a monetary claim to the financial agent exercised as a way to ensure the fulfillment of the client's obligations to the financial agent and contract of financing under cession of claims does not provide otherwise, the financial agent must provide a report to the client and send him (her) an amount, exceeding the amount of the client’s obligation, secured by the assignment of claim. If the money, received by the financial agent from the debtor, was less than the amount of the client’s obligations to the financial agent, secured by assignment of the claim, the client is responsible for the remainder of the obligation.

Article 737. Counterclaims Of The Debtor

In the case of addressing the financial agent to the debtor with claim to effect the payment , the debtor is entitled, in accordance with Article 370 of this Code to present to set-off his (her) cash requirements, based on the contract with the client, which were already at the debtor at the time, when they received notification of the assignment of claims to the financial agent.

The financial agent has the right to refuse from set-off, if the client has not informed him (her) on the existence of obligations to the debtor.

Article 738. Return To The Debtor The Amounts, Received By Financial Agent

1. In the event of the client's violation of his (her) obligations under the contract with the debtor, the latter may not require from the financial agent of the refund, which he (she) has already paid on the request passed to the agent, if the debtor is entitled to receive such amounts directly from the client.

2. The debtor, who has the right to receive directly from the client sums, paid to the financial agent as a result of the assignment the claim, nevertheless, has the right to demand the return of those sums from the financial agent, if it is proved that the latter has not fulfilled his (her) obligation to the client to exercise its financing under cession of claim or has made such financing, knowing the client's violation the obligations to the debtor, to whom applies financing associated with the assignment of the claim.

Article 738-1. Assignment Of A Monetary Claim In Project Finance And Securitization

Features of financing under cession of monetary claim in project finance and securitization established by legislation of the Republic of Kazakhstan on project finance and securitization. The provisions of this chapter shall apply to the transactions of project finance and securitization, unless another is provided by the legislative act of the Republic of Kazakhstan on project finance and securitization.

Footnote. Article 738-1 is in the wording of the Law of the Republic of Kazakhstan dated 12.01.2012 № 539-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 38. Banking service

Paragraph 1. General provisions

Article 739. Banking Services Contract

1. Under the banking services contract, one party (the bank) undertakes, on behalf of the other party (the client) to provide banking services, and the client agrees to pay for these services, unless another is provided by the contract.

2. Banking services contract may be:

1) a bank account agreement;

2) an agreement to transfer money;

3) bank deposit agreement;

4) others of contracts, provided by legislation or agreement of the parties.

2-1. Bank accounts shall open at the conclusion of the agreement with the bank and the agreement of the bank account (or) deposit.

3. The bank may use the money in the account, to ensure the client's right to freely dispose of his (her) money.

Footnote. Article 739 as amended by the Law of the Republic of Kazakhstan dated 05.07.2012 № 30-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 740. Restrictions On Money Orders, In Banks

1. The money of legal entities (except banks, insurance (reinsurance) companies, pension funds, deprived by the authorized state agency of license and (or) is in the process of forced liquidation) and citizens in banks, may be seized only by the courts, investigation and inquiry, and executive proceeding agencies in the cases, which are under their production, as criminal and civil cases and cases of enforcement proceedings in the manner and on the grounds, prescribed by criminal and civil procedure legislation of the Republic of Kazakhstan and the legislation of the Republic of Kazakhstan on enforcement proceedings.

2. The arrest term of money of legal entities and citizens in banks may not exceed the deadline, set for the respective cases by criminal procedure and civil procedure legislation of the Republic of Kazakhstan.

3. Decisions of the organs of investigation and inquiry to seize the client’s money may be appealed to the Court in accordance with the legislative acts of the Republic of Kazakhstan.

4. The suspension of debit operations on the client's bank accounts are made in order and in cases stipulated by legislative acts of the Republic of Kazakhstan.

5. Disposal of public authorities, which are entitled to suspend the debit operations on the client's bank accounts, does not apply to the amount of money, which is seized by the decision of the authorized state bodies or officials on the arrest.

6. The decisions of the authorized state bodies or officials, who are entitled to seize client’ s money in his (her) bank accounts, made after the acceptance by the Bank to the execution the orders of the authorized State bodies on the suspension of debit operations, shall be executed after the cancellation of this order, with the exception of cases established by paragraph 7 of this Article.

7. Arrests imposed on the client's money in his (her) bank accounts, in order to secure the claim or the enforcement of executive documents are executed on a priority basis, with the exception of a seizure in order to meet the requirements of sub-paragraph 4 of paragraph 2 of Article 742 of this Code.

The fulfillment by the bank of earlier decisions of the authorized state bodies or officials on the arrest and the orders of authorized state bodies, who are entitled to suspend the debit operations on the client's bank accounts, shall be suspended within the amount of money, for which the arrest is effected in order to claim or enforcement documents.

When for the client's money in his (her) bank accounts, there are seizures for more than one arrest, in order to secure the claim or the enforcement documents, they shall be executed in the order of their acceptance by the bank.

Other decisions of the authorized state bodies or officials on the seizure and disposal of the authorized state bodies, who are entitled to suspend of debit operations on the client's bank accounts, are executed in the order of their acceptance by the bank, after the withdrawal or cancellation of the arrest, imposed in order to claim or enforcement documents.

Footnote. Article 740 is in the wording of the Law of the Republic of Kazakhstan dated 11.07.2009 № 185 (shall be enforced from 30.08.2009); as amended by the Law of the Republic of Kazakhstan dated 10.02.2011 №406-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 741. Withdrawal Of Money Without The Consent Of The Client

Withdrawal in banks and other organizations, engaged in certains of banking operations, money of legal entities and citizens without their consent can be made only on the basis of an enforceable court decision and in the cases stipulated by the Tax Code of the Republic of Kazakhstan, the customs legislation of the Customs Union and (or) of the Republic of Kazakhstan and the legislative acts of the Republic of Kazakhstan on pension and compulsory social insurance.

Footnote. Article 741 is in the wording of the Law of the Republic of Kazakhstan dated 22.06.2006, № 147; as amended by the Law of the Republic of Kazakhstan dated 30.06.2010 № 297-IV (shall be enforced from 01.07.2010).

Article 742. Order Of Priority Of The Withdrawal Of Client's Money

1. If the client's money in bank is sufficient to cover all claims, presented to the client, the withdrawal can be made in the order of receipt of the client or other persons orders (calendar order), unless another is provided by legislation.

2. If the client's money in deposits is not sufficient to cover the next claim, presented to the client, the Bank accumulates received in favor of the client money, the amount of which is sufficient to meet this requirement, except for the cases stipulated by legislative acts of the Republic of Kazakhstan. Upon presentation to the client several requirements, the bank shall produce the withdrawal of client's money in the following order:

1) primarily by withdrawal of money on executive documents, providing for the satisfaction of claims for damage caused to life and health, as well as claims for alimony;

2) in the second stage is withdrawal of money on executive documents, providing for the withdrawal of money to settle the payments of severance benefits and wages of persons, working under an employment contract, remuneration to the author's contract, the client's obligations to transfer mandatory pension contributions to pension funds and social deductions to the state social insurance fund;

3) in the third stage is withdrawal of money for the client's obligations to the budget;

4) in the fourth stage is the removal of money on executive documents, providing the satisfaction of other monetary claims;

5) in the fifth stage is withdrawal of money to meet other requirements, presented to the client in the calendar order.

Withdrawal of money from the bank to the requirements, relating to the same queue, is made in time of sequence receipt of the relevant documents.

3. Upon liquidation of the legal entity, that is the client satisfaction of creditors' claims are made in the order provided in Article 51 of this Code.

Footnote. Article 742 as amended by the Laws of the Republic of Kazakhstan dated March 29, 2000 № 42; dated March 13, 2003 № 394; by the Law of the Republic of Kazakhstan dated July 9, 2003, № 482; dated April 8, 2004 № 542 (shall be enforced from January 1, 2005); dated May 15, 2007 № 253.

Article 743. Banking Services To The Organizations, Performing Certains Of Banking Operations

Certain banking services may provide organizations, engaged in certains of banking operations.

Provision of certains of banking services by these organizations is carried out in accordance with the procedure established by this Code and legislative acts of the Republic of Kazakhstan.

Footnote. Article 743 amended by the Law of the Republic of Kazakhstan dated December 23, 2005 № 107 (the order of enforcement see Art. 2 of the Law № 107).

Article 744. Payment For Bank Services

The client pays for bank services, provided by the contract of banking services, on the terms and in the manner prescribed by the contract.

Article 745. Bank Secrecy

Bank guarantees the confidentiality of bank secrecy.

The list of information, constituting the bank secrecy and the grounds of its issuance shall be determined by the legislative acts regulating banking activity.

Article 746. Liability For Violation Of The Terms Of Banking Client Service

For violation of banking clients service, banks and organizations engaged in certains of banking operations, are responsible within the limits established by the legislative acts of the Republic of Kazakhstan regulating banking activities and contracts of banking services.

Footnote. Article 746 is in the wording of the Law of the Republic of Kazakhstan dated March 29, 2000 № 42.

Paragraph 2. Bank account

Article 747. Bank Account Agreement

1. According to the bank account agreement, one party (the bank) agrees to take the money, received in favor of the other party (the client), to perform the client's orders to transfer (grant) to the client or to third parties, the relevant sums of money and provide other services provided by the bank account agreement.

Under the bank account agreement, to the client or to the person specified by him (her), for the purpose of accounting the client's money, in the Bank is assigned a unique identification code of the client, on the terms agreed by the parties. The order of assignment, cancellation of individual identification code of the client, the bank accounting of the client's money is determined by the banking legislation.

2. Legal entities and citizens independently choose banks for service and have the right to conclude the contracts of bank account, with either one or several banks.

3. Bank account agreement is unlimited, unless another is stipulated by legislation or agreement of the parties.

Footnote. Article 747 as amended by the Law of the Republic of Kazakhstan dated November 29, 1999 № 486.

Article 748. The Form Of Bank Account Agreement

1. Bank account agreement must be in written form.

2. Failure to comply with the written form of bank account agreement shall entail the invalidity of the contract.

Article 749. Disposal Of The Client's Money

1. Bank withdrawals the client's money in the bank, by the order of the client, unless another is provided by legislation or bank account agreement.

The bank is not entitled to determine and control the direction of using the client's money and install other restrictions on his (her) right to manage the money on his (her) own, that are not established by the legislation, unless another is provided by legislation or bank account agreement.

2. If the money had been made by a citizen, the right to dispose of the money in the bank, uses either the citizen, or the person to whom he (she) has entrusted this right.

If the money had been made by a legal entity, the right to dispose of the money in the bank, uses the head of the legal entity and (or) any other person, autorized by him (her).

3. Rights of persons, who are exercising on behalf of a client order, the management of the money in the bank, confirms by the client through providing the bank the documents, required by legislation and contract.

4. By the bank account agreement must be set the procedure for disposal of the money in the bank. Requirements for this procedure are established by the legislative acts regulating banking activity.

Article 750. Operations, Performed By The Bank Under The Bank Account Agreement

1.In accordance with the bank account agreement, the bank shall:

1) ensure the availability of money upon presentation of the client's requirements;

2) take the money, received for the benefit of the client;

3) carry out the client's order to transfer the money for the benefit of third parties;

4) execute the orders of the third parties to withdraw money of the client, if it is stipulated by legislative acts of the Republic of Kazakhstan and (or) the bank account agreement;

5) receive from the client and the issuance to him (her) the cash money in the manner prescribed by the bank account agreement;

6) provide upon request of the client, the information on the amount of money in the bank and the transactions, made in the manner provided by the contract;

7) perform other banking services to the client, provided by the contract, legislation and applicable in the banking business practices.

2. The Bank is obliged to accept the money, received in favor of the client, as well as the seizure or the issuance of money of the client, with the reflection of such operations on his (her) individual identification code no later than the day following the day of receipt to the bank an appropriate entry, unless other terms are provided by legislative acts and published in accordance with them, regulations of the National Bank of the Republic of Kazakhstan.

Footnote. Article 750 as amended by the Law of the Republic of Kazakhstan dated 11.07.2009 № 185 (shall be enforced from 30.08.2009).

Article 751. Remuneration For The Use Of Money

For the use of funds in the bank, the bank shall pay remuneration in the amount and manner determined by the contract.

Footnote. Article 751 as amended by the Law of the Republic of Kazakhstan dated November 29, 1999 № 486.

Article 752. Termination Of The Bank Account Agreement

1. Bank account agreement is terminated at the request of the client at any time, unless another is provided by law or contract.

2. Termination of the bank account agreement is grounds for cancellation of the individual identification code of the client.

3. Money, left in the bank, is issued to the client or by his (her) instructions translated (removed) in favor of third parties

Article 753. Bank Accounts Of Bank

The provisions of this Chapter shall apply to the bank accounts of banks, unless otherwise stipulated by the legislative acts or adopted in accordance with the regulations of the National Bank of Kazakhstan.

Paragraph 3. Money transfer

Article 754. Contract On The Transfer Of Money

1. Under the contract on the transfer of money, one party (the bank) undertakes, on behalf of the other party (the client) to transfer the money to a third party, without assigning an individual identification code to the client.

2. The order of the bank to transfer money without assigning to the client an individual identification code is established by legislative acts that regulate banking activity.

Article 755. Conclusion Of Contracts On The Transfer Of Money

Contracts on the transfer of money without opening a bank account is concluded, if the Bank adopts the client's order at the time of his (her) request to provide him (her) such banking services, unless another is stipulated by legislative acts regulating banking activity.

Paragraph 4. Bank deposit

Article 756. Bank Deposit Agreement

Under the bank deposit agreement, one party (the bank) agrees to accept from the other party (investor) money (deposit), to pay for them interest in the amount and manner provided by the bank deposit agreement, and return the deposit on the conditions and in the manner provided for the contribution of this by legislation and contract.

For each of thes of deposits, banks in order to take into account the money of a client, assign to him (her) an individual identification code. The order of assignment, cancellation of individual identification code, bank accounting of the client’s money is determined by the banking legislation of the Republic of Kazakhstan.

Features of bank deposits can be established by legislative acts of the Republic of Kazakhstan, regulating the banking activity.

Footnote. Article 756 as amended by the Laws of the Republic of Kazakhstan dated 09.07.2003 № 482; dated 12.02.2009 № 133-IV (the order of enforcement see Art. 2).

Article 757.s Of Bank Deposits

1. Depending on the conditions of return, the deposits areified into the followings:

1) demand deposit;

2) time deposit;

3) conditional deposit.

2. Demand deposit is refundable, in whole or in part, at the first request of the depositor.

Time deposit is made for a certain period.

Conditional deposit is made to the occurrence of certain circumstances by the bank deposit agreement.

3. In cases, where the time deposit is requested by the depositor before the deadline, and the conditional deposit - until the occurrence of certain circumstances by the agreement of bank deposit, the remuneration is payable in the amount established by the deposit before the demand, unless another is provided by the bank deposit agreement.

Article 758. Form Of A Bank Deposit Agreement

1. Bank deposit agreements must be concluded in written form, meeting the requirements established by legislative acts regulations of the National Bank of the Republic of Kazakhstan and used in banking practice business customs.

2. At the request of the depositor, the document, identifying the made contributions can be filled either in his (her) name or in the name of a certain third party.

3. Failure to comply with the written form of the bank deposit agreement shall entail the invalidity of the contract.

Footnote. Article 758 as amended by the Law of the Republic of Kazakhstan dated January 12, 2007, № 225 (shall be enforced from the day of its official publication).

Article 759. Term Of The Bank Deposit Agreement

1. Bank deposit agreement is concluded with the receipt of the deposit to the Bank.

2. Bank demand deposit agreement is indefinite.

3. If, the depositor does not claim the time deposit amount, after its expiration, and the amount of conditional deposit, after the occurrence of the circumstances, with which the bank deposit agreement binds the refund of deposit, the bank deposit agreement is extended for the terms of the demand deposits, unless otherwise provided by the contract.

Article 760. Remuneration Under The Agreement Of Bank Deposit

1. The bank shall pay to the depositor remuneration in the amount of the contribution, which is determined by the bank deposit agreement.

2. The bank is not entitled to change the remuneration on deposits unilaterally, except in cases of extension of the deposit term, provided by the bank deposit agreement.

Footnote. Article 760 as amended by the Laws of the Republic of Kazakhstan dated 29.11.1999 № 486; dated 10.02.2011 № 406-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 761. Procedure For The Payment Of Remuneration On Bank Deposit Agreement

1. Remuneration under the bank deposit agreement is paid by the bank in the manner and amount established by the bank deposit agreement.

2. Unless otherwise provided by the bank deposit agreement, remuneration on bank deposit is paid to the depositor at his (her) request at the end of each quarter, separately from the amount of the deposit, and the amount of unclaimed interest in the period increases the amount of the deposit, for which remuneration is paid.

By return of the deposit to the depositor is paid all contributions due to him (her) at this point.

3. On demand deposits, the depositor is entitled to receive remuneration due to him (her) on the deposit, separately from the amount of the deposit.

On the time deposits, the depositor is also entitled to receive remuneration due to him (her) on the deposit, separate from the amount of the deposit, before the expiration of its term, but , unless another is provided by the bank deposit agreement, the amount of remuneration is recalculated with respect to the amount, that is used by the bank for demand deposits. After the expiry of the deposit term , the depositor is entitled to receive remuneration due to him (her) in full, regardless of whether he (she) seeks the contribution or not (paragraph 3 of Article 759 of this Code).

On conditional deposits, receipt by the depositor the remuneration due to him (her), separately from the amount of the deposit is made in the manner prescribed by the bank deposit agreement.

4. Remuneration is paid within the time and in the form provided for the return of the deposit (Article 765 of this Code).

5. With the full return of the deposit to the depositor is paid all contribution due to him (her) at this point.

Article 762. Making Contributions

1. Unless otherwise provided by the bank deposit agreement, the depositors make contributions both in cash and by bank transfer.

2. On demand deposit, money can be made by depositor in individual contributions in any amount and frequency. The calculation of remuneration on the newly acquired amounts is made in relation to remuneration amount, which was used by the bank on the day of receipt of money.

In time deposits, as well as conditional deposits the money is made by the depositor in the form of a single payment, unless another is provided by the bank deposit agreement.

Article 763. Making Money Contributions To The Deposit By Third Parties

To the deposit is made money, received by the bank in the name of the depositor from the third parties, indicating the required information on his (her) individual identification code.

Article 764. Contributions In Favor Of Third Parties

1. Contributions can be made to the bank in the name of a certain third party.

Specifying the name of the citizen (Article 15 of this Code) or the name of the legal entity (Article 38 of this Code), in favor of which the contribution is made, is an essential condition of the bank deposit agreement.

Bank deposit agreement in favor of the citizen, who died at the time of conclusion of the contract or non-existent of the legal entity at this point, is not valid.

2. In the case of a written refusal of a third party from the rights of the depositor, the person, who has concluded the bank deposit agreement, can exercise the rights of the depositor, in respect of money contributed by him (her) to the deposit.

3. When making in favor of a third party the conditional deposit, he (she) is entitled to dispose them only under the contractual terms of the bank deposit agreement. Before the onset of these conditions, the third party may dispose of the contribution only by written permission of the persons, who made contributions.

The condition of the deposit shall be recorded in writing in the bank deposit agreement, and not to contradict the legislation and has no ambiguities that impede the issuance of deposit.

To obtain the conditional deposit, the third party shall submit to the bank documents, confirming compliance with the specified conditions.

The person, who has made a conditional contribution in favor of a third party, has the right to: change the set condition, in the event that a third person has not submitted a document, confirming this condition; dispose of the contribution in the event that a third party violates the conditions, specified when making the deposit, or his (her) death before the fulfillment of the conditions stipulated by the bank deposit agreement.

4. Rules on the contract in favor of a third person (Article 391 of this Code) shall apply to the bank deposit agreement in favor of a third party, unless it is contrary to the rules of this Article.

Article 765. Return Of Bank Deposits

1.Bank is obliged to issue a deposit or its part at the first request of the depositor:

1) on demand deposits - on receipt of the request of depositor;

2) on time deposits - on the due date, provided by the bank deposit agreement;

3) conditional deposits - the circumstances, by the occurrence of which the bank deposit agreement binds the return of the deposit;

2. The depositor is entitled to early repayment of the time deposit.

The bank is obliged to issue deposit or its part no later than five days from the moment of receipt of the depositor's request.

3. Under the conditional deposit, the depositor has the right to return the contribution, before the occurrence of the circumstances with which the bank deposit agreement binds the return of the deposit. At the same time, the bank is obliged to issue deposit or its part within the period provided by paragraph 2 of this Article.

4. Regulation of the bank deposit agreement, on the refusal of the depositor, from the right to early receipt of time deposits, as well as a conditional deposit before the stipulated conditions, is invalid.

5. Contributions made in a foreign currency must be returned in the same currency, unless otherwise provided by legislative acts, the bank deposit agreement or supplementary agreement of the parties.

6. In the event of default of the bank the depositors' claim on the return of deposit or its part within the time limits specified in paragraphs 2 and 3 of this Article, the payment of remuneration continues under the conditions stipulated in the bank deposit agreement.

6-1. The provisions of this Article shall not apply to contributions that are the subject of pledge.

7. Issuance of bank deposit may be suspended on the grounds and in the manner prescribed by the Law of the Republic of Kazakhstan "On counteraction of legalization (laundering) of income proceeding from crime and financing of terrorism".

Footnote. Article 765 as amended by the Laws of the Republic of Kazakhstan dated 29.03.2000 № 42; dated 28.08.2009 № 192-IV (shall be enforced from 08.03. 2010); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2012 № 19-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 766. Ensuring The Return Of The Bank Deposit

The means and methods, that the Bank must be used to ensure the return of deposits, are determined by the laws, regulations of the National Bank of the Republic of Kazakhstan and the bank deposit agreement.

Article 767. Payment Of Bank Services For The Commission Of Operations On The Bank Deposit

The depositor pays for the services of the bank on the commission of operations on the bank deposit, in the manner prescribed by the contract.

Chapter 39. Storage

Paragraph 1. General provisions on the storage

Article 768. Storage Agreement

1. Under the storage agreement, one party (the keeper) undertakes to keep the thing, transferred to him (her) by the other party (the depositor), and return this thing safe.

2. Storage agreement recognized as concluded from the moment the thing is deposited.

3. The provision of this chapter shall not apply to the protection of immovable property.

Article 769. Agreement For Taking The Item For Storage

1. The keeper, who storages items as a business activity, can take on under the contract obligation accept storage for items of the depositor and keep the depositor's items in accordance with the provisions of this Chapter.

2. The keeper, who has assumed the obligation under the contract to take the thing for storage, may not require the transfer of this thing to him (her). However, the depositor, who does not transfer the deposited thing in the contract time, shall be liable to the keeper for the losses incurred in connection with the failed storage, unless otherwise provided by legislation or contract.

3. The depositor shall be exempt from liability for non-transference of the thing for storage, if he (she) refuses to accept the keeper's services in a reasonable period of time.

4. Unless otherwise provided by the contract, the keeper is released from the obligation to take the thing for storage in cases, when thing is not transferred for storage in the contract term, and when this term is not defined - after thirty days from the day of conclusion of the contract.

Article 770. The Duty To Take The Thing For Storage

The keeper, who is responsible for storage due to his (her) business activity, is not entitled to refuse to accept things for storage, if technically feasible, unless it is otherwise provided by legislation. In such cases, storage contracts are recognized as public (Article 387 of this Code) .

Article 771. Keeping Things With Loss Of Identity

1. When storing items with without specific identities, the items, accepted for keeping can be mixed with the items of the same kind and quality of other depositors. The depositor shall be returned equal or agreed by the parties on the quantity of items, of the same kind and quality.

2. When storing items without specific identities, items should be separated from the items of the same kind and quality, if legislation or by agreement of the parties establishes this.

Article 772. Form Of Storage Agreement

1. A storage agreement must be in written form, except for putting things in the short-term storage in lockers, and dressing stations, airports, institutions, companies, theatres, museums, stadiums, restaurants, etc. with the issuance by the keeper of the numbers, counters and other legitimizing marks.

2. The written form of contract is considered to be complied with, if the adoption of things in storage is certified by the keeper by issuing to the depositor secure receipts, receipts, certificates, a document signed by the keeper.

3. A storage agreement in the form of household services can be concluded orally.

4. In the event of a dispute over the identity of the thing, accepted for storage, and things returned by the keeper, is allowed the testimony.

5. Delivery things for storage in an emergency (fire, flood, etc.), in the absence of a written form of agreement may be proved by the testimony, regardless of the value of the deposited thing.

Article 773. Period Of Storage

1. If the thing is deposited on demand or without specifying the period, the keeper has the right after the normal retention period in these circumstances to require that the depositor takes their items back, but must give the depositor a reasonable period of time to collect their things.

2. The depositor is entitled at any time to demand his items from the keeper, even if the contract had provided a period of storage. However, in this case, the depositor shall reimburse the keeper losses due to the early termination of the obligation, unless the contract provides otherwise.

Article 774. Remuneration And Reimbursement Of Expenses Of The Keeper

1. The amount of remuneration to the keeper under the storage contract is determined by the agreement of parties. In the cases established by legislative acts, the amount of remuneration may be determined by the fees, rates, tariffs.

2. By agreement of the parties or legislation may be agreed the gratuitousness of storage. When gratuitous storage the depositor must reimburse the keeper necessary actual expenses to save things.

3. Unless another is provided by legislation or by agreement of the parties, the fee for storage shall be paid to the keeper at the end of the store, and if payment is provided by period - at the end of each period. If storage is terminated prior to the expiration of a term in the contract of storage, the keeper should be paid commensurate part of the remuneration.

4. If, at the expiration of the contract period, the stored item is not taken back by the depositor, he (she) is obliged to pay compensation to the keeper for further storage of item at the same rate.

5. Unless otherwise specified by the contract, the storage costs are included in the amount of remuneration. It is assumed, that the extraordinary expenses are not included in the amount of remuneration or to the costs, under the contract.

Article 775. Duties Of Keeper To Ensure The Safe Holding Of Items

1. The keeper shall take all the contractual and other necessary measures to ensure the safety of the items transferred to him. .

2. If the storage is free of charge, the keeper must take care of the items accepted as if they were his (her) own property.

3. Items must be returned in the same condition, in which it was accepted for storage, allowing for its natural deterioration or natural losses.

4. The keeper is not entitled to use the item, except when it is provided by the contract, and if the use of the thing is necessary to ensure its preservation.

5. Along with the return of the item, the keeper is obliged to transfer the fruits and revenues, received during its storage, unless otherwise provided by the contract.

Article 776. Change Of Conditions Of Storage

1. If it is necessary to change the conditions of items stored under the storage agreement, the keeper shall immediately notify the depositor of these changes and wait for his (her) response.

2. In the case, where there is a risk of loss or damage to the item, the keeper is obliged to change the contractual process and place of storage, without waiting for the depositor's response to such a change (paragraph1 of this Article).

3. If the thing in storage has been damaging or any other circumstances, which do not ensure its safety, and action on part of the depositor cannot be expected, the keeper has the right to sell the item or part of it, for the reimbursement of his (her) own costs for storage and sale.

Article 777. Transfer Of The Item For Keeping To A Third Party

1. If the legislation or the contract provides otherwise, the keeper shall not, without the consent of the depositor to transfer the thing for storage to a third party, unless this is not needed for the interest of the depositor and the keeper is unable to obtain his (her) consent. On transfer of thing to a third party, the keeper shall immediately notify the depositor.

2. The keeper is responsible for the actions of a third party, to whom he (she) handed the items for storage.

Article 778. Keeper's Responsibility For Failure To Store Things

The keeper is responsible for the loss, shortage or damage to the item accepted for storage . He (she) is exempt from liability, if he (she) proves that the loss, shortage or damage of things, had not happened by his (her) fault.

Article 779. Responsibility Of The Keeper-Entrepreneur

1. The person performing the storage due to his (her) entrepreneurial activity, shall be exempt from liability for failure to store things only in cases where the loss, shortage or damage of things was caused by force majeure, the properties of the item, or the intent or gross negligence of the depositor.

2. If at the expiry date of storage under the contract, or the period specified by the keeper in the manner prescribed in Article 773 of this Code, the thing will not be taken back by the depositor, the keeper is responsible for the loss, shortage or damage of this thing only if there is intent on his (her) part or gross negligence.

Article 780. The Amount Of Liability Of The Keeper

1. Damages caused to the depositor by the loss, shortage or damage of things compensate by the keeper in accordance with Article 350 of this Code, if the legislative acts or the contract provides otherwise.

2. If on transferring for storage was assessed the thing, specified in the contract or other written document, issued by the keeper, the keeper’s liability is determined based on the amount of the assessment.

3. In cases when due to inappropriate storage conditions, the losses inflicted on the depositor by loss, shortage or damage of items are compensated under the following terms:

1) for loss or shortage of items- equal to the cost of the lost or missing items;

2) for damage to items - the amount by which the cost has gone down.

4. If the damage, for which the keeper is responsible, the quality of the things have changed so much that it cannot be used for its original purpose, the depositor has the right to reject it and require the keeper to reimburse the cost of this thing, as well as compensation for other losses, unless another is provided by legislation or contract.

Article 781. Consequences Of Violation Of The Terms Of Getting Items

1. The depositor is obliged, within the period specified in Article 773 of this Code, to take back the deposited item.

2. When deviation of the depositor from obtaining his (her) items, the keeper is entitled after warning no less than a month to demand the sale of things, in the manner prescribed by the Civil Procedure Code of the Republic of Kazakhstan, unless otherwise provided for by legislation or contract.

3. The proceeds from the sale of things are transferred to the depositor, net of amounts due to the keeper.

Article 782. Compensation For Losses Caused To The Keeper

The depositor is obliged to compensate the keeper in the event that the nature of the item stored causes damage to the keeper's property, if the keeper, taking the thing for storage, was not informed and had no reason to suspect this potential for damage .

Article 783. Application Of The General Provisions On The Storage For Its Individuals

General provisions on the storage apply for its individuals, unless the rules of certains of storage provided by Articles 784-802 of this Code and (or) other legislation provides otherwise.

Paragraph 2. Certains of storage

Article 784. Storage In A Pawn Shop

1. Agreement for the storage of items in a pawnshop is formalized by the issuance of the pawn shop a nominal deposit receipt.

2. The item which is deposited in a pawn shop is evaluated by the agreement of the parties , in accordance with the prices of items for this kind and quality, usually determined by the trade at the time and place of its acceptance for storage.

3. Pawn shop must insure to the benefit of the depositor, the adopted for storage thing in the full amount of its valuation, made in accordance with paragraph 2 of this Article.

Article 785. Unclaimed From The Pawnshop Thing

1. In the case of deviation of the depositor from getting back of thing, the pawnshop must keep it for three months. After this period, the unclaimed thing may be sold by the pawnshop in the manner prescribed by paragraph 2 of Article 781 of this Code.

2. The proceeds from the sale of thing, shall be retired the storage fee and other payments due to the pawnshop. The remaining amount is returned by the pawnshop to the owner of the deposit receipt by its presentation.

Article 786. Storage Of Valuables In The Bank

1. The bank may take for storage securities, precious metals, jewels and other valuables, as well as documents.

2. The contract for storing valuables in the bank is made by issuing of the bank to the depositor the named secure document, which shall be ground for the issuance of stored values to the depositor or his (her) representative.

3. The contract for storage valuables using a safe deposit box (safe boxes, a separate room for storage) may be concluded by the Bank action on the adoption of the values for storage and the issuance to the depositor the key for the safe, cards, identifying the depositor, other sign or a document, certifying the right of the bearer to access to the safe and getting values from it.

4. Unless otherwise provided by the contract, the depositor may at any time withdraw valuables from the safe, return them back, or work with stored documents. The bank has the right to register the obtaining and returning of values by the depositor.

5. Upon receipt of the depositor, including temporary, part of the values from the safe, the bank is responsible for the safety of the remaining values.

6. The rules established by this Article on safekeeping of valuables in the safe deposit box are not applied to cases, where a bank gives its safe (safe box, a separate room for storage) to another person for use under the terms of the tenancy.

Article 787. Storage In Luggage Lockers Of Transport Organizations

1. The transport organizations administer the luggage lockers and are obliged to store items of passengers and other citizens, regardless of their travel documents. The contracts for administering the storage in luggage lockers of transport organizations is recognized as public (Article 387 of this Code).

2. The confirmation of receipt of items for storage in the luggage lockers (except automatic) is issued to the depositor by a receipt or a numbered token. In the event of loss of receipt or token, items transferred for keeping in a luggage lockers are issued to the depositor on presentation of evidence, that the items under question belong to him (her).

3. The amount of the losses, incurred by the depositor as a result of loss, shortage or damage of things given in a luggage locker, shall be paid to the depositor in 24 hours, if at the time of an item for keeping, its assessment was made, or if the parties come to an agreement concerning the amount, which is reimbursed for losses.

4. Items can be put in luggage lockers for a period within the limits prescribed by special rules or by agreement of the parties. Items, which are not claimed within a specified time, a luggage locker must be stored for the next three months. After this period, unclaimed items can be sold and the proceeds from the sale of the amount are allocated in accordance with Article 781 of this Code.

Article 788. Storage In The Wardrobes Of Organizations

1. Storage in the wardrobes of organizations is offered free of charge, if fees for storage are not agreed at the time of the delivery thing for storage.

2. In confirmation of the receipt of things for storage in the wardrobe, the keeper gives to the depositor a token or other number sign, confirming acceptance of the thing for storage.

3. The item placed in storage in the wardrobe shall be delivered to the bearer of the token. In this case, the keeper is not obliged to check the authority of the bearer of token to receive the item. However, the keeper may delay the return of items to the bearer of token, if he (she) has doubts about the identity of the bearer of token.

4. The keeper may give a thing from the wardrobe, in the case where the depositor has lost a token, but the keeper has no doubt about the fact of putting things into the wardrobe or its possession to the depositor, and it is proved by the depositor.

Article 789. Storage In The Hotel

1. A hotel acts as a keeper and without special agreement for loss or damage to items except for money, currency values and other securities entered to the Hotel by the patron, except the cases, where the loss or damage occurred as a result of force majeure, the properties of items or the fault of the person, his (her) accompanying persons or his (her) visitors.

2. The hotel is responsible for the loss of money, currency values and other securities only on the condition that they have been accepted for storage.

3. The person, who is staying at the hotel, and noticing loss or damage to his (her) belongings, shall immediately inform the hotel. Otherwise, the hotel is exempt from the liability for failure to store items.

4. The hotel is not relieved from the liability for failure to store the items of its patrons, even if it makes the announcement that does not accept this responsibility.

5. The provisions of this Article shall also apply to storage in motels, rest houses, sanatoriums, hostels and other similar organizations, as well as organizations that have specially dedicated facilities for the storage of clothing, hats and other similar things of citizens, visiting the organization.

Article 790. Storage Of Items Of Disputed Ownership (Sequestration)

1. According to the agreement on sequestration, two or more persons between whom there is a dispute over who owns an item, shall transfer the item to a third person, who undertakes upon resolution of the dispute to return the item to the person, to whom it shall be awarded by the court or by agreement of all contracting parties (contractual sequestration).

2. A controversial item can be transferred for keeping in order of sequestration by the court (judicial sequestration).

The keeper of judicial sequestration can be a person appointed by the court and the person determined by mutual agreement of the disputing parties. In both cases, the consent of the keeper is required, unless otherwise provided by legislative acts.

3. For depositing by way of sequestration may be transferred both movable and immovable things.

Paragraph 3. Storage in the warehouse

Article 791. Warehouse

Goods warehouse is a commercial organization, performing storage of goods and providing storage services as a business.

Article 792. Public Warehouse

1. A warehouse is recognized as a public warehouse if, in accordance with legislative acts, it is notified to the warehouses, which can take the goods for storage from a limited number of individuals.

2. Contract on storage in the warehouse, concluded with public warehouse recognizes a public contract (Article 387 of this Code).

Article 793. Duties Of The Warehouse

1. A warehouse shall comply with the conditions (mode) of storage, set in the standards, technical conditions, process instructions, storage instructions, rules for storage of certains of goods, and other mandatory provisions entailed in the specific regulations relating to warehouses.

2. Warehouse shall make at its own expense, inspection of the goods at the reception for safekeeping.

3. Warehouse must provide the opportunity to inspect goods or samples, if storage is done of items without specific identities, sampling and taking the measures, necessary to ensure the safety of goods.

4. Where to ensure the safety of goods urgently needed to change the conditions of storage, warehouse may take the necessary urgent measures on its own. It shall notify the owner on action taken.

5. If the goods damaged, warehouse shall immediately draw up an act and notify the owner at the address, stated by him (her) to the warehouse.

Article 794. Requirements Of The Owner To The Warehouse

Unless otherwise provided by the contract, the owner must declare the warehouse of loss, shortage or damage as a result of improper storage, when receiving the goods from a warehouse, but about hidden damage - within the normal time required to detect them. If damage and shortage of goods in an appropriate time is not announced to the warehouse, the warehouse is not liable for damages, except in cases, where losses are caused due to its intent or gross negligence.

Article 795. Reimbursement Of The Warehouse On Storage

Warehouse has the right to compensation under the contract or by established legislative acts of cost rates on additional transactions in the interest of the depositor (insurance of goods , loading and unloading, payment of customs duties, etc.). This right is guaranteed by the right of the workhouse to hold the stored goods.

Article 796. Refusal Of Warehouse From The Contract Of Storage

Warehouse has the right to refuse to perform the contract in cases, where the depositor concealed the dangerous nature of the goods that threaten to substantial damage.

Article 797. Warehouse Documents

1. Warehouses may issue as a confirmation of acceptance of the goods for storage the following warehouse documents:

1) simple warehouse certificate;

2) dual warehouse certificate.

1-1. In cases, stipulated by legislative acts of the Republic of Kazakhstan, the warehouses are obliged to give double or simple warehouse certificates as a confirmation of acceptance of the goods for storage with loss of identity.

2. Double warehouse certificate, each part of it and a simple warehouse certificates are securities.

3. Double and simple warehouse certificates can be subjects of pledge.

Footnote. Article 797 as amended by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the day of its official publication).

Article 798. Simple Warehouse Certificate

1. Simple warehouse certificate is issued to the bearer.

2. Simple warehouse certificate must contain the information specified in sub-paragraphs 2), 3), and 5)-10) of paragraph 2 of Article 799 of this Code, and with indication that it was issued to bearer.

Article 799. Double Warehouse Certificate

1. A double warehouse certificate consists of warehouse certificate and pledge certificate (warrant), which are identical in content and, if necessary, are separated one from another.

2. Every part of the double warehouse certificate shall contain:

1) the name of the corresponding part of the double warehouse certificate;

2) the name and address of the warehouse, accepting the goods for storage;

3) the current number of the warehouse certificate in the register of the warehouse;

4) the name of the organization or the citizen, from whom the goods received for storage, as well as the location (address) of the owner;

5) the name and quantity of goods, the number of commercial sites;

6) the amount of the received goods, unless another is provided by legislative acts of the Republic of Kazakhstan;

7) the period, for which the goods accepted for storage, if it is established;

8) tariffs and payment for storage;

9) date of issue of warehouse certificate;

10) authorized signature and seal of the warehouse.

Legislative acts of the Republic of Kazakhstan may establish additional requirements to the form and content of the double warehouse certificate.

Footnote. Article 799 as amended by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the day of its official publication).

Article 800. Rights Of The Holder Of Double Warehouse Certificate For The Goods

1. The holder of a double warehouse certificate shall be eligible to dispose the goods, stored in a warehouse in a full volume.

2. The holder of the warehouse certificate, separated from the pledge certificate is eligible to dispose the goods, but cannot take it from the warehouse before the repayment of the loan, issued on the pledge certificate. The holder of the warehouse certificate may transfer the ownership of warehoused goods, which is enabled by endorsement (endorsement) and delivery the document, but without transferring the goods.

3. A buyer, who has received by endorsement the warehouse certificate with an un-separated a pledge certificate, shall become the owner of the warehoused goods, which is free of pledge. When purchasing a warehouse certificate without a pledge certificate, it is estimated that the ownership of the goods burdened by the legal lien. Details of the terms of pledge (the amount and date of the establishment of a lien on goods) can be found in the register of the warehouse, which is open to interested visitors.

4. The holder of a warehouse certificate has a lien on the goods in the amount issued by this loan certificate and reward for it. On establishing a lien on the goods, in the warehouse certificate is made the mark about it.

5. The buyer or seller may free the goods from the pledge, by making the appropriate amount secured by the pledge, to the mortgagee (creditor) or warehouse, which shall transmit it to the rightful holder of the pledge certificate.

6. The holder of a pledge certificate in the event of dissatisfaction of his (her) claim, secured by the pledge within the period, shall be eligible to sell in the legal procedure the laid him (her) on the pledge certificate goods and cover his (her) claim prior to other creditors of the pledgor. With the proceeds failure, the holder of a pledge certificate may recover the half-received part from all endorsers, who are jointly and severally liable for the payment of requirements of the secured pledge certificate.

Footnote. Article 800 as amended by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the day of its official publication).

Article 801. Transfer Of Warehouse And Pledge Certificates

Warehouse certificate and pledge certificate may be transferred together or separately by endorsement (endorsement).

Article 802. Issuance Of The Goods On The Double Warehouse Certificate

1. The warehouse delivers goods to the holder of the warehouse and pledge certificates (double warehouse certificate) in exchange for both of these certificates together.

To the holder of a warehouse certificate, who does not have a pledge certificate, but made sum of debt on it, the goods is issued by the warehouse in exchange for warehouse certificate and subject to the payment of the entire amount of the debt for pledge certificate.

2. The holder of warehouse and pledge certificates shall be eligible to demand delivery by installments. While in exchange for initial certificate, he (she) is issued new certificates for goods, which is left in a warehouse.

3. Warehouse, in violation of the requirements of this Article, delivered goods to the holder of a warehouse certificate, who does not have a pledge certificate and is not moving the sum of debt on it, shall be liable to the holder of the pledge certificate for payment of all outstanding amounts on it.

Chapter 40. Insurance

Article 803. Insurance Contract

1. Under an insurance contract, one party (the insured) undertakes to pay the insurance premium, and the other party (the insurer) agrees to carry out the insurance payment in the insurance case to the insured person, or other person in whose favor the insurance contract is signed (beneficiary) within a certain contract amount (sum insured).

Legislative acts of the Republic of Kazakhstan may establish the cases of other payment on the terms and conditions stipulated in the insurance contract.

2. The insurance shall be provided on the basis of the insurance contract.

Footnote. Article 803 as amended by the Law of the Republic of Kazakhstan dated 18.12.2000 № 128; dated 05.07.2006 № 164 (the order of enforcement see Art. 2); dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2).

Article 804. Insurance Relations Regulated By This Code

This Code regulates the relationship between the insurer and the insured person, as well as their relationship with the insured persons and the beneficiaries that arise from the process of concluding and execution of the insurance contract.

Article 805. Forms Of Insurance

1. Forms of insurance are:

1) according to the degree of obligation - voluntary and compulsory;

2) the object of insurance - personal and property;

3) on the basis of insurance payments - funded and unfunded.

2. For licensing of insurance activity, the legislative acts may provide a differentification.

Footnote. Article 805 is in the wording of the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 806. Compulsory And Voluntary Insurance

1. Compulsory insurance - the insurance, carried by the requirements of legislation, the terms of which shall be determined by agreement of the parties, unless another is stipulated by legislation, governing the compulsory insurance.

2. *(Is excluded - dated May 7, 2007, № 244)*

3. The obligation to insure his (her) life or health, may not be imposed to a citizen by legislative acts or contract. Compulsory insurance is carried out by the insured person.

4. When compulsory insurance, the insured person shall conclude a contract with the insurer, on terms determined by agreement of the parties, unless another is stipulated by legislative acts, regulating this of insurance.

5. A compulsory insurance contract shall be entered into only with an insurer, licensed to carry out this of insurance. At the conclusion of the compulsory insurance contract, the terms and conditions are set by the legislative acts, regulating compulsory insurance, and these terms and conditions obligatory for the named insurer, unless they are otherwise provided in these acts.

6. Voluntary insurance is carried out by the will of the parties.

Types, conditions and procedure for voluntary insurance shall be determined by the agreement of the parties.

Footnote. Article 806 as amended by the Law of the Republic of Kazakhstan dated May 7, 2007 № 244.

Article 807. Insurance Object

1. The objects of property and personal insurance may be any property interests of citizens and legal entities, including those associated with:

1) survival of people under a certain age or the period specified in the insurance contract, death, the onset of certain events in the lives of citizens;

2) harm to life and health of citizens as a result of accidents and other events;

3) possession, use and disposal of property;

4) the duty to compensate for harm caused to other persons, including breach of the contract (liabilities).

The object of insurance on compulsory insurance is determined by legislative acts.

2. The illegal property interests of the insured person shall not be insured.

3. Insurance contracts, which objects are property interests, provided in paragraph 2 of this Article, shall be invalid.

Footnote. Article 807 as amended by the Laws of the Republic of Kazakhstan dated February 20, 2006, № 128 (the order of enforcement see Art. 2); dated May 7, 2007, № 244.

Article 808. The Consequences Of Breaking The Rules Of The Compulsory Insurance

1. The person to whom, in accordance with legislative acts must be made compulsory insurance, may, if he (she) knew that it was not insured, require in a judicial proceeding the insurance against the person, who is charged with this duty.

2. If the person, who is charged with the duty of insurance, has not exercised it or contracted insurance under the conditions, which are worsening situation of the insured in comparison with, those provided by legislative acts, this person upon occurrence of an insured event shall be liable to the insured person on the same conditions as to who would be carried out for the insurance payment related with proper insurance.

3. The person, who is obligated under the legislative acts to act as an insured person, is eligible to demand in a judicial proceeding concussion of the insurer, who is liable in accordance with paragraph 5 of Article 806 of this Code to maintain the insurance, but deviates from it, to contract of insurance under the conditions stipulated by legislative acts.

4. Evasion of insurance of the person, obliged to implement it as an insured person and the insurance company, obliged to act as an insurer, shall be liable for prosecution under the legislative acts.

Footnote. Article 808 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 809. Personal And Property Insurance

1. Personal insurance includes life insurance, health insurance, disability insurance and other forms of insurance related to the condition of the citizens.

Under a personal insurance contract may be insured, the insured person and other persons named in the contract (the insured).

2. Property insurance is insurance of property and related property interests.

3. Property insurance against the risk of loss (death), shortage or damage of property and other property rights and benefits provided in Article 115 of this Code.

4. If a property insurance contract is concluded in the absence of the insured person or the beneficiary, the interest in the preservation of the insured property is not valid.

5. Civil liability insurances covers the liability risk for obligations, which are arising from harm to life, health and property of third persons, as well as liability for obligations arising from contracts.

Footnote. Article 809 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128; dated February 20, 2006, № 128 (the order of enforcement see Art. 2).

Article 809-1. Endowment Insurance

1. Endowment insurance is insurance, that provides insurance payments upon occurrence of an insured event, including expiration of the insurance contract period or an event provided in the contract, depending on which one comes first.

2. Unfunded insurance is insurance that provides the insurance payments only upon occurrence of an insured event, having the features of probability and randomness of its occurrence.

3. Annuity insurance contract - the contract of insurance, under which the insurer is obliged to make an insurance payment in the form of periodic payments to a beneficiary during the contract period.

4. Endowment insurance contracts may be concluded exclusively for personal insurance.

5. Annuity insurance contract refers to contracts of insurance saving.

Footnote. Is supplemented with the Article 809-1 by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128; as amended dated February 20, 2006, № 128 (the order of enforcement see Art. 2).

Article 810. Business Risk Insurance

Footnote. Article is excluded by the Law of the Republic of Kazakhstan dated February 20, 2006 № 128 (the order of enforcement see Art. 2).

Article 811. Insurance Of Civil Liability For Injury

Footnote. Article is excluded by the Law of the Republic of Kazakhstan dated February 20, 2006 № 128 (the order of enforcement see Art. 2).

Article 812. Insurance Of Civil Liability Under The Contract

Footnote. Article is excluded by the Law of the Republic of Kazakhstan dated February 20, 2006 № 128 (the order of enforcement see Art. 2).

Article 813. Insured Person

1. An insured person is the person, who has entered into an insurance contract with the insurer.

2. Insured persons may be legal entities and citizens.

3. The insured person is free to choose the insurer as voluntary and mandatory forms for insurance.

Footnote. Article 813 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 814. Insurer

The insurer is a person, performing insurance, who is liable upon occurrence of an insured event to make insurance payment to the insured person or other person in whose favor the insurance contract is signed (beneficiary), within a certain contract amount (sum insured).

The insurer may only be a legal entity, registered as an insurance company and licensed to carry on insurance business of any mutual insurance in accordance with the legislation of the Republic of Kazakhstan on mutual insurance.

Footnote. Article 814 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128; dated July 5, 2006, № 164 (the order of enforcement see Art. 2).

Article 815. Insured

1. The insured is the person in respect of which the insurance is made. Unless otherwise established by contract, the insured person shall also be the insured.

2. Legislative acts may obligate the insured person to implement a third party insurance. In case of voluntary insurance, the insured person in the insurance contract may identify a third party as the insured. In these cases, the object of the insurance shall be either the identity of the insured and its related interests (personal insurance of the insured), or the property and property interests of the insured (property insurance of the insured).

When insuring property, the insured, who is not the insured person must have an interest in maintaining the property.

3. If the terms of the contract for the insured, who is not the insured person, assigned the responsibilities, the insured person must obtain the consent of the insured to sign the contract.

Under compulsory insurance, as well as group impersonal insurance, the consent of a third party to the contract, where it is identified as the insured, is not required.

In case of voluntary insurance, the objection of the person regarding his (her) personal or property insurance, entails the impossibility of the contract, and if it was already concluded - termination of the contract.

4.In the event, when the insured has a duty on insurance of a third party, the third party shall be entitled to require the insured a report on the implementation of this obligation, and in cases stipulated by legislative acts, to obtain the document, indicating that it is insured.

In the event of failure or improper performance of his (her) duties by the insured, on the insurance of a third party, the latter may apply the measures provided in paragraphs 1 and 2 of Article 808 of this Code.

5. If the insured is a minority age citizen, his (her) rights shall be implemented in accordance with Articles 22-24 of this Code.

6. Contract, in favor of the insured does not release the insurer from duties under the contract. Insurance of a third party shall be at the expense of the insured.

7. If the insured has refused to receive insurance payments, due to him (her) under the contract, the right to receive the insurance proceeds transfers to the insured person.

8. In the case of death of the insured, who is not the insured person, and in respect of which, concluded the contract of personal insurance, is not provided such a case, this contract is terminated, if the legislation or the contract does not provide replacement of the insured.

If the death of the insured was an insured event, which is provided by the insurance contract, this contract is executed under the conditions of it.

In case of death of the insured, who is not the insured person, and in respect of which concluded the contract of property insurance, the rights and obligations of the insured, with the consent of the insured shall transfer to the heirs of the property and property rights of the insured, which have been the subject of the insurance, if the legislative acts or the contract provides another.

If the insured person does not agree to replace the deceased insured or the heirs of the insured does not agree to accept the rights and obligations, arising from the insurance contract , this contract shall be terminated.

9. The contract of insurance in favor of a third party (the insured), subject to the provisions of Article 391 of this Code, to the extent that they are not inconsistent with the provisions of this Article.

Footnote. Article 815 as amended by the Laws of the Republic of Kazakhstan dated December 18, 2000 № 128, dated May 7, 2007 № 244.

Article 816. Beneficiary

1. The beneficiary is the person, who in accordance with insurance contract or legislation on compulsory insurance is a recipient of the insurance payment.

The beneficiary can be a legal entity or a citizen.

The beneficiary may be imposed both on the personal and property insurance.

On compulsory insurance, the beneficiary is determined by the legislative acts regulating this of insurance, on voluntary the beneficiary is appointed by the insurer.

2. Unless otherwise provided by legislative acts on compulsory insurance or a contract of voluntary insurance, the beneficiary shall be the insured.

If the insured person is not insured, the beneficiary has to be the insured, or he (she) is assigned with the written consent of the insured.

If the beneficiary is not designated in the insurance contract, he (she) assumed to be the insured.

3. *(Is excluded - dated February 20, 2006 № 128).*

4. *(Is excluded - dated 18.12.2000 № 128)*

5. If the insured is also a beneficiary, the beneficiary is subject to the provisions provided by Article 815 of this Code.

6. In the event of the death of the beneficiary, who is not the insured, or his (her) waiver from the rights of beneficiary, the rights of the latter shall pass to the insurer.

In the event of the death of the beneficiary, who is the insured, shall apply the consequences provided by paragraph 8 of Article 815 of this Code.

7. If the death of the insured, is the case, which is provided by the insurance contract, in the event that such insured is not the insured person or is the insured, but the contract is not designated a beneficiary, the beneficiaries are recognized as heirs of the insured.

8. In the insurance case, the beneficiary is entitled to bring directly to the insurer the claim for his (her) insurance payment under the insurance contract.

9. Contract in favor of a beneficiary, does not release the insurer of duties under this contract.

Footnote. Article 816 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 817. Insured Event

1. An Insured event is an event in the occurrence of which the insurance contract provides the insurance payment.

2.s of insurance events for compulsory insurance are determined by legislative acts on compulsory insurance, and for voluntary insurance is by the agreement of the parties.

3. The event, considered as an insured event must be characteristics by of randomness and probability of its occurrence, with the exception of events, that can be provided by a contract of endowment insurance.

4. Proof of the insured event, as well as damages caused to them must be demonstrated by the insured or by the beneficiary.

Footnote. Article 817 as amended by the Laws of the Republic of Kazakhstan dated 18.12.2000 № 128, dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2).

Article 818. Insurance Premium

1. Insurance premium is the amount of money, which the insured shall pay to the insurer for the latter’s obligation to make insurance payment to the insured person (beneficiary), at the amount specified in the insurance contract.

Insurance premiums, received by the insurer from the insured person, belong to him (her) by the right of ownership.

2. Insurance premiums are set by contract. On compulsorys of insurance, they are established by legislative acts.

The procedure and terms of payment of the insurance premiums are determined by the contract. On the compulsory insurance, they may be determined by legislation.

3. The parties in determining the amount of the payable premiums under the insurance contract shall apply the rate developed by the insurer that determine insurances premium rate, charged to the unit with the sum insured, taking into account the object and nature of insurance risk.

4. The insurance contract may provide the payment of the insurance premium by installments in the form of periodic premiums.

5. If the insurance contract provides the payment of the insurance premium by installments, the contract may determine the consequences of failure to pay the next premium on time, including the early termination of the contract.

6. If the insured event occurs prior to the payment of a specific insurance premium, and the payment is overdue, the insurer has the right in determining the amount of insurance payments to set off the amount of the overdue premium.

Footnote. Article 818 as amended by the Laws of the Republic of Kazakhstan dated December 18, 2000 № 128, dated February 20, 2006 № 128 (the order of enforcement see Article 2), dated May 7, 2007 № 244.

Article 819. Insurance Amount

1. The insurance amount is the amount of money, for which the insured object is insured and represents the maximum amount of liability of the insurer, when the insured event occurred.

2. The insurance amount is established by the contract. In compulsory insurance, they cannot be less than the amount, established by the legislative acts.

3. When insuring property, the insurance amount cannot exceed its actual value at the time of the contract (the insured value).

4. The parties may not challenge the value of the property, defined in the insurance contract, except in cases, where the insurer can prove that he (she) was deliberately misled by the insured. If the insurance amount determined by the contract of insurance, exceed the insured value, it is invalid to the extent of the insurance amount that exceeds the insured value at the time of the contract.

5. *(Is excluded - dated February 20, 2006 № 128 (the order of enforcement see Art. 2).*

Footnote. Article 819 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128, dated February 20, 2006 № 128 (the order of enforcement see Article 2).

Article 820. Insurance Payment

1. Insurance payment is the amount of money, paid by the insurer to the insured (beneficiary) within the insured sum, upon the occurrence of insured event or the due date, specified in the contract of endowment insurance.

Insurance payment is carried out by a time sum payment, with the exception of insurance payments on annuity insurance contracts.

2. Procedure for determining the amount of insurance payments is established by the contract. On compulsory insurance, the procedure for determining insurance premium is determined by legislative acts of the Republic of Kazakhstan.

3. The order and term of insurance payments are determined by the contract.

On compulsory insurance they can be determined by legislative acts

4. Insurance payments for property insurance and civil liability cannot exceed the amount of actual damages, incurred by the insured (the insured) as a result of occurrence of loss.

5. Insurance payments for private insurance are carried out to the insured (the insured), regardless of the payable amounts of social security, other insurance contracts and as compensation of damages.

6. The Terms of the contract for property insurance may provide for the replacement of the insurance payment by compensation of damage in kind, within the amount of insurance payment.

7. When the insurance payment, the insurer is entitled to offset, due to him (her) from the insured insurance premiums or insurance contributions.

8. For late payment of insurance, the insurer is responsible in accordance with Article 353 of this Code, unless there is a higher amount of liability provided by contract or legislation on compulsory insurance.

Footnote. Article 820 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128, dated February 20, 2006 № 128 (the order of enforcement see Art . 2).

Article 821. Double Insurance

1. Double (multiple) insurance is an insurance of the same object by several insurers under individual contracts with each one.

2. On double insurance of the property, every insurer is liable to the insured within the contract concluded with him (her), but the total amount of insurance payments, received by the insured from all insurers cannot exceed the actual damage.

In this case, the insured is entitled to receive an insurance payment from any insurer, in the amount of the insured sum, provided by the contract with him (her). In case, if the

insurance payment does not cover the actual damage, the insured is entitled to receive the remaining amount from another insurer.

Insurer, wholly or partially released from the insurance payments, due to the fact that the damage compensated by other insurers, shall be obliged to return the relevant part of premiums, net of incurred expenses.

3. On double (multiple) personal insurance, every insurer performs his (her) insurance obligations to the insured him (her) self, regardless of the performance of them by other insurers.

Footnote. Article 821 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 822. Collective Insurance

1. In collective insurance, the insurance contract covers several insured persons, who are also beneficiaries.

2. Collective insurance can be both personal and property, personified and impersonal, which covers certain categories of persons.

In impersonal insurance, the circle of insured persons must be clarified in the contract of insurance, in so far, as this is necessary for the individualization of the insured event, the consequences for each of the insured and the amount of insurance payments due to him (her).

3. Collective insurance of the employer for their employees can only be personal insurance.

Footnote. Article 822 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 823. Co-Insurance

1. The object of insurance can be insured under one contract by several insurers (co-insurance). In this case, the contract should contain conditions that determine the rights and obligations of each insurer in agreed proportions.

If such contract does not specify the rights and obligations of each of the insurers, they are jointly and severally liable to the insured (or beneficiary) for an insurance payment.

2. Co-insurers on co-insurance of large or very large risks can create on the basis of joint operation agreement on co-partnerships (insurance pools).

3. In the presence of an agreement between all co-insurers, one of them may represents all co-insurers in the relationship with the insured person, remaining liable to the latter, only in his (her) interest.

Footnote. Article 823 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 824. Reinsurance

1. The insurer is entitled by reinsurance to cover the risk of execution of any or all of his (her) obligations to the insured person by another insurer (the reinsurer).

2. The Insurer, who is concluded with a contract of reinsurance (reinsurance), remains liable to the insured in full, in accordance with the insurance contract, concluded with him (her).

3. The terms of reinsurance are determined by legislative acts of the Republic of Kazakhstan and the reinsurance contract between the reinsured and the reinsurer.

The reinsurance contract must meet the requirements of this Code in the insurance contract. The insurer by the insurance contract in the reinsurance contract shall be the insured.

4. Reinsurers for a reinsurance undertaking can unite on the basis of joint operation agreement on co-partnerships (reinsurance pools).

5. Continuous conclusion of two or several reinsurance contracts is allowed.

Footnote. Article 824 as amended by the Law of the Republic of Kazakhstan dated July 10, 2003 № 483 (shall be enforced from January 1, 2004), dated February 20, 2006 № 128 (the order of enforcement see Art. 2).

Article 825. Insurance Form

1. The insurance contract shall be in writing, by:

1) preparation of the parties of the insurance contract;

2) adherence of the insured to the standard specifications (insurance regulations), developed by the insurer unilaterally (contract of adhesion), and the issuance of the insurance policy to the insured by the insurer;

3) *(sub-paragraph is excluded by the Law of the Republic of Kazakhstan dated July 10, 2003 № 483 (shall be enforced from January 1, 2004);*

4) *(Is excluded - dated February 20, 2006 № 128 (the order of enforcement see Article 2).*

2. The form of a written contract on compulsory insurance is determined by the Laws of the Republic of Kazakhstan on compulsory insurance, and on voluntary insurance is by the insurer or by agreement of the parties.

3. Failure to comply with the written form of the contract of insurance shall entail its invalidity.

Footnote. Article 825 as amended by the Laws of the Republic of Kazakhstan dated December 18, 2000 № 128, dated July 1, 2003 № 445; by the Law of the Republic of Kazakhstan dated July 10, 2003 № 483 (shall be enforced from January 1, 2004), dated February 20, 2006 № 128 (the order of enforcement see Art. 2).

Article 825-1. Insurance Regulations

1. Insurance regulations, developed by the insurer for each of insurance must meet the requirements of this Article.

2. Insurance regulations shall include:

1) a list of insurance objects;

2) the procedure for determining the sum insured;

3) the range of insured events;

4) exclusion from insurance events and limitation of insurance;

5) the time and place of the insurance contract;

6) procedure for the conclusion of the insurance contract;

7) rights and obligations of the parties;

8) actions of the insured, upon the occurrence of the insurance event;

9) a list of documents confirming the occurrence of the insured event and the amount of damages;

10) the procedure and conditions for insurance payments;

10-1) the period of notice of the insured person or the insured on the missing documents, necessary for insurance payments;

11) term of acceptance the decision of insurance payment or refusal in insurance payment;

12) conditions for termination of the contract of insurance;

13) dispute resolution procedures;

14) *excluded by the Law of the Republic of Kazakhstan dated 20.02.2006 № 128 (the order of enforcement see Article 2).*

15) additional conditions.

3. *Is excluded by the Law of the Republic of Kazakhstan dated 10.07.2003 № 483 (shall be enforced from 01.01.2004).*

4. Contracts of insurance can be made by agreement between the insured and the insurer, on the basis of the rules of insurance, providing additional conditions, specified in the conclusion of the insurance contract.

5. *Is excluded by the Law of the Republic of Kazakhstan dated 30.12.2009 № 234-IV.*

Footnote. The Code is supplemented by Article 825-1 in accordance with the Law of the Republic of Kazakhstan dated 18.12.2000 № 128, as amended by the Law of the Republic of Kazakhstan dated 10.07.2003 № 483 (shall be enforced from 01.01.2004), dated 20.02.2006 № 128 (the the order of enforcement see Art. 2), dated 30.12.2009 № 234-IV; dated 15.07.2010 № 338-IV (the order of enforcement See Art. 2).

Article 826. Content Of The Insurance Contract

1. The insurance contract shall contain:

1) the name, address, and bank details of the insurer;

2) the surname, first name and patronymic (in presence) and place of residence of the insured (if an individual) or the name, address and bank details (if a legal entity);

3) an identification of the insurance object;

4) the insured event;

5) the amount of insurance payment (excluding annuity insurance contracts) and the order and timing of insurance payments;

6) the amount of the insurance premium, the order and terms of payment it;

7) the date and term of the contract;

8) details of the insured and the beneficiary person, if they are members of the insurance relationship;

9) number and series of the contract (insurance policy);

10) cases and the procedure for amending the terms of the contract;

11) the terms of payment and the amount of cash surrender value (for endowment insurance);

11-1) the period of notification of the insured person or the insured on the missing documents, necessary for insurance payments;

Note of the RCLI!

Sub-paragraph 12) shall be enforced from 01.01.2012 and expires 01.01.2013.

12) indication of the taxpayer identification number (if available), indication of residency and economy sector of the insured person;

Note of the RCLI!

Sub-paragraph 13) shall be enforced from 01.01.2012 and expires 01.01.2013.

13) indication of the taxpayer identification number (if available), indication of residency and economy sector of the insured person (beneficiary), if he (she) is not an insured under the insurance contract, in the case of indication of the insured (beneficiary) in the insurance contract;

14) the currency of the sum insured, the insurance payments and insurance premiums.

Note of the RCLI!

Article 826, is supplemented by sub-paragraphs 15), 16) in accordance with the Law of the Republic of Kazakhstan dated 12.01.2012 № 538-IV (shall be enforced from 01.01.2013).

2. By agreement of the parties other conditions may include to the contract.

2-1. Franchise is releasing the insurer from the damages, not exceeding a certain amount, under the conditions of the insurance contract.

Franchise shall be conditional (non-deductible) and unconditional (deductible).

In a conditional franchise, the insurer is released from damages that do not exceed a specified amount of the franchise, but the insurer must pay damages in full, if its sum is bigger than that amount.

On unconditional franchise, the damages shall be refunded, net of a specified amount in all cases.

Franchise is set either in percentage of the sum insured, or in absolute amounts.

3. If an insurance contract contains conditions that restrict the rights of the insured beyond those, provided by legislative acts, the rules set out by legislation shall apply.

4. The liability period of the reinsurer, under the reinsurance contract shall correspond to the period of liability of the insurer under the insurance contract, the obligations for which transferred to reinsurance, if the reinsurance contract provides otherwise.

5. The insurer shall be liable for the incompleteness of conditions, which must be referred in the contract of insurance.

Footnote. Article 826 as amended by the Laws of the Republic of Kazakhstan dated 18.12.2000 № 128, dated 20.02.2006 № 128 (the order of enforcement see Art. 2), dated 12.01.2007 № 225 (shall be enforced from the day of its official publication); dated 30.12.2009 № 234-IV; dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2), dated 12.01.2012 № 538-IV (the order of enforcement see Art. 2).

Article 826-1. Deferral Of Payment Of Insurance Premiums Under The Endowment Insurance Contract

1. The insurer, who has not received insurance contributions (except the first) within the contractual term of the endowment insurance, shall notify the insured person on necessity to pay the insurance contribution.

2. The notice shall contain:

1) the period during which, insurance payment must be paid (deferral period of insurance premium);

2) the penalty for late payment of the premium;

3) the right of the insurer to unilaterally terminate the contract, in case of default of payment of the insurance premium, for the period of deferment of premiums.

3. The deferral period of the insurance premium cannot be less than 30 calendar days.

4. Upon the occurrence of an insurance event, in the period of deferral of insurance premium under the endowment insurance contract, the insurer is obligated to make an insurance payment, keeping the outstanding amount.

5. Notification of the necessity the insurance premium shall be sent to the insured person in a way that allows him (her) to confirm the notification.

Footnote. The Code is supplemented by Article 826-1 in accordance with the Law of the Republic of Kazakhstan dated 18.12.2000 № 128, as amended by the Laws of the Republic of Kazakhstan dated 20.02.2006 № 128 (the order of enforcement see Art. 2), dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2).

Article 826-2. Restoration Of The Endowment Insurance Contract

1. If the validity of the endowment insurance contract is suspended or terminated on the basis of non-payment of the premium by the insured person, the insurer is obliged to restore the validity of the contract on payment of the insured person:

1) *(Is excluded - dated February 20, 2006 № 128 (the order of enforcement see Article 2);*

2) overdue insurance premiums;

3) penalty interest for late payment of insurance premiums, in the amount specified in Article 353 of this Code.

2. The insured person is eligible to restore the contract of endowment insurance for one year, from the date of termination or suspension of execution of obligations by the parties of the contract.

3. The insurer may, at the restoration of the contract of endowment insurance conduct medical examination of the health of the insured person.

In case of deterioration of health of the insured person, the insurer is entitled to recalculate the amount of insurance payments and (or) the insurance premium. In case of failure of the insured person, to recover the contract on new terms, the contract cannot be restored.

4. The insurer is eligible to refuse the restoration the contract of endowment insurance, if such contract was early terminated and the insurer had paid the redemption sum.

Footnote. Is supplemented by Article 826-2 by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128; as amended - dated February 20, 2006 № 128 (the order of enforcement see Article 2).

Article 826-3. Insurance Under Contract, By Registration Of The General Policy

1. By agreement of the insurer with the insured person, the systematic insuring of different sets of homogeneous property (commodities, goods, etc.) on the same conditions for a specified period may be based on a single insurance contract, by giving the insured the general policy.

2. The insured person shall, in respect of each lot of property, which is subject of the contract, and referred in paragraph 1 of this Article, inform the insurer within a prescribed time, on the information arising from such a contract, and if the time is not provided by the contract, immediately upon its receipt. The insured is not relieved of this duty, even if at the time of receipt such information, the possibility of damages, having been paid by the insurer, has already passed.

3. At the request of insured person, the insurer is obliged to issue insurance policies for individual lots of property, subject to the contract, referred in paragraph 1 of this Article.

If the insurance policy is not conformed to the content of general policy, the insurance policy shall be preferred.

Footnote. Is supplemented by Article 826-3 - by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 827. Validity Of The Insurance Contract

1. The insurance contract shall become effective and binding on the parties upon the payment of the insured person premiums and the payment of it by installments is the first

insurance premium, unless the contract or legislative acts on compulsory insurance provides otherwise.

2. The insurance contract is terminated from the date of insurance payment for the first occurrence of the insurance event, unless the contract or legislative acts on compulsory insurance provides otherwise.

3. The validity period of insurance protection corresponds with the term of the contract, unless the contract or legislation on compulsory insurance provides otherwise.

Footnote. Article 827 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 828. Obligations Of The Insurer

1. Insurer shall:

1) upon the occurrence of the insured event, make an insurance payment in the amount, manner and time specified in the insurance policy or legislation;

1-1) inform the insured person with the insurance regulations, and provide a copy of the rules, if the insurance contract is concluded in the form of merger agreement with issuing to the insurer, the insurance policy on voluntary insurance;

2) compensate the insured (the insured) costs, incurred by him (her) to reduce losses on the insured event;

3) provide insurance secrecy;

4) in cases, where an insured person (insured) or a victim (or beneficiary) or their representatives do not give all the documents, required for insurance payment, notify them on the missing documents within the period, specified in the insurance contract.

2. Legislative acts on insurance and insurance activities, as well as the insurance contract may stipulate other duties of the insurer.

Footnote. Article 828 as amended by the Laws of the Republic of Kazakhstan dated 18.12.2000 № 128, dated 30.12.2009 № 234-IV; dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2).

Article 829. Compensation Of Expenses, To Reduce Losses From An Insurance Case

1. Upon the occurrence of an insured event under the contract of property insurance, the insured (insured) shall take the reasonable and available measures to prevent or reduce potential losses, including measures to save and preserve the insured property.

In taking such action, the insured person (insured) shall follow the instructions of the insurer, if the insured person (insured) has been informed about them.

2. Expenses, incurred by the insured person (the insured) to prevent or reduce losses, shall be compensated by the insurer, if such expenses were necessary or were made to follow instructions of the insurer, even if such measures were unsuccessful.

Such expenses shall be compensated at actual amount, but, the total amount of insurance payment and compensation of expenses, cannot exceed the insured sum under the contract of insurance, and if the costs resulted, from the execution of the insured person (insured) on the instructions of the insurer, they shall be compensated in full, regardless of insurance amount.

3. The insurer shall be released from the insurance payments, of the losses, that have arisen due to the fact, that the insured person (insured) deliberately did not take the reasonable and available measures to reduce possible losses.

Footnote. Article 829 as amended by the Laws of the Republic of Kazakhstan dated December 18, 2000 № 128, dated July 1, 2003 № 445.

Article 830. Insurance Secrecy

1. Insurance secrecy includes information on the size of the insured sum, the redemption payment and paid-up premiums, and other terms of the contract of insurance (reinsurance) related to the individual insured person, the insured or the beneficiary. Information about insurance (reinsurance) contracts, insurance (reinsurance) company, which is in the process of liquidation is not an insurance secrecy.

1-1. Legislative acts on insurance and insurance activity may provide other conditions and procedures for the disclosure of information, which could include insurance secrets.

2. Professional participants of the insurance market, insurance agents may not disclose information, which they received as a result of their professional activity, and insurance secrets, except to provide information of other professional participants of the insurance market, or insurance agents, relating to the conclusion of contracts of reinsurance or relationships on coinsurance, as well as cases, provided in paragraphs 4, 5 and 6 of this Article.

3. Officials, employees of insurance (reinsurance) company, insurance brokers, insurance agents and other persons who, due to performance of their duties have access to information, constituting insurance secrecy, and for their disclosure shall be liable under legislation of the Republic of Kazakhstan.

4. Insurance secrecy may be disclosed to a third party under a written agreement of the insured (the insured, the beneficiary).

5. Information, containing the insurance secret, can only be provided to:

1) the representative of the insured (beneficiary) - on the basis of notarized power of attorney;

2) the body of inquiry and preliminary investigation - by criminal cases, on their procedure;

3) the court - by cases on its procedure, based on a determination or decision of the court;

4) the prosecutor - by order on the procedure of inspection, on matters within his (her) competence, and materials, under his (her) consideration;

4-1) the authorized agency for financial monitoring - for the purposes and according to the law of the Republic of Kazakhstan "On counteraction against legalization (laundering) of income, received from crime and to financing of terrorism";

5) the competent government body - regarding to the supervision action for insurance activity;

6) other persons in accordance with the laws of the Republic of Kazakhstan on insurance and insurance activity.

6. Information, containing the insurance secrets, in case of death of the insured person, the insured, and the beneficiary, shall be issued to:

1) heirs;

2) the courts and notaries, under their inheritance cases, based on a determination of a court or a written request of the notary, certified by his (her) seal. A written request of a notary must be annexed by a copy of the death certificate of the insured;

3) foreign consulates - under their cases of inheritance.

7. General terms and conditions of the insurance activity, a list of proposed insurance, insurance rates, insurance periods, and other basic conditions of the insurance (reinsurance) contract are public information and cannot be the subject of insurance secrets and commercial secrets.

8. In the case of disclosure of the insurer of information constituting insurance secrets, the insured (the insured, the beneficiary) shall be entitled to demand compensation for the damages and, in appropriate cases - compensation for moral injury.

Footnote. Article 830 is in the wording of the Law of the Republic of Kazakhstan dated 18.12.2000 № 128, as amended by the Laws of the Republic of Kazakhstan dated 10.07.2003 № 483 (shall be enforced from 01.01.2004), dated 27.02.2004 № 527 (shall be enforced from 01.04.2004), dated 20.02.2006 № 128 (the order of enforcement see Article 2), dated 28.08.2009 № 192-IV (shall be enforced from 08.03.2010), dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2), dated 21.06.2012 № 19-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 831. Obligations Of The Insured

1. The insured shall:

1) pay insurance premiums in the amount, manner and time stipulated in the contract of insurance;

2) inform the insurer of the state of the insurance risk;

3) notify the insurer upon the occurrence of an insured event;

4) take measures to reduce the losses of the insured event (paragraph 1 of Article 829 of this Code);

5) to pass on the details of third parties responsible for the occurrence of insured events to the insurer (Article 840 of this Code).

2. The insurance contract may provide other duties of the insured.

Footnote. Article 831 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 832. The Information Provided By The Insured In The Contract

1. At the conclusion of the contract, the insured shall notify the insurer, with circumstances, which he (she) has known, and essential to determine the probability of the insured event and the size of potential losses from its onset (insurance risk), if these circumstances are not known or should be known to the insurer.

Circumstances, definitely stipulated in the rules of insurance, developed by the insurer, or in the written request of the insurer, sent to the insured at the period of the contract are recognized as essential.

2. If the insurance contract is concluded in the absence of the insured answers to any questions of the insurer, the latter may not subsequently demand termination of the contract or annulment, on the grounds that the relevant circumstances have not been insured.

3. If after the conclusion of the contract, it is established that the insured supplies the insurer with false information about their circumstances, mentioned in paragraph 1 of this Article, the insurer may require the rescission of the contract and apply the consequences, provided in the second and third parts of paragraph 1 of Article 844 of this Code. The insurer may not require the rescission of the contract, if the circumstances of which omitted the insured, has disappeared.

Footnote. Article 832 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 833. Assessment Of Insurance Risk And Caused Damage

1. In the contract of property insurance, the insurer is entitled to inspect and evaluate the insured property, and if necessary appoint examination in order to establish its actual value.

The evaluation of the insured property and injury is part of the insurance carried by the insurer, and does not require additional licensing.

2. In contract of personal insurance, the insurer is entitled to examine the insured person for assessment of the actual state of his (her) health.

3. The insurer’s assessment of the insurance risk on the basis of this article is not necessary for the insured who is entitled to prove another.

4. The size of the damage, caused at the occurrence of the insured event shall determine the insurer, at the request of the insured or his (her) representative. If necessary, assessment of the size of damages shall be provided by the appraising officer (independent expert). The parties may prove another, if they disagree with the assessment of damages.

5. On compulsory insurance, procedures and conditions for assessment the size of the damage, caused by the insured event can be determined by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 833 as amended by the Laws of the Republic of Kazakhstan dated July 1 , 2003 № 445; dated May 7, 2007 № 244.

Article 834. The Consequences Of Increasing Insurance Risk In The Period Of The Contract

1.In the period of the contract of property insurance, the insured (insured) shall immediately inform the insurer about any significant changes in circumstances that they are aware of which from the conditions reported to the insurer at the conclusion of the contract, if these changes can significantly increase the insurance risk.

The following changes that recognized as significant in the insurance contract:

2. The insurer, noticed about the circumstances, entailing an increase of insurance risk, may require changes in the terms of the contract or the payment of additional premiums, commensurate to increase in risk.

If the insured person or the insured, objects to the changes in the conditions of the contract of insurance or co-payment of the insurance premium, the insurer may request termination of the contract in accordance with the rules provided by Chapter 24 of this Code.

3. In the event of failure of the obligation, stipulated in paragraph 1 of this Article by the insured person or the insured, the insurer is entitled to demand termination of the contract and compensation damages, caused by the termination of the contract.

4. The insurer is not entitled to demand termination of the contract, if the circumstances which had increased insurance risk disappear.

5. In personal insurance, consequences of changing the insured risk during the term of the contract, established in paragraphs 2 and 3 of this Article, may result, if they are expressly provided in the contract.

Footnote. Article 834 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 835. The Notice Of The Insurer About The Insurance Event

1. The insured person, after he (she) has known about the insurance event, shall immediately notify the insurer or his (her) representative about it. If a contract or legal act of the Republic of Kazakhstan on compulsory insurance, stipulates for the period and (or) method of notification, it should be done at an agreed time and by way specified in the contract or the legal act of the Republic of Kazakhstan

If the insured person is not insured, this responsibility lies on the insured.

If in personal insurance, the insured event is the death of the insured the obligation to notify the insurer about the insured event lies on the insured person and if he (she)

simultaneously was the insured - on the beneficiary. And a contract period of notice of the insurer cannot be less than thirty days.

2. The beneficiary has the right to notify the insurer about the insured event, under all circumstances, regardless of whether the insured person or the insured did it or not.

3. Failure to notify the insurer about the insurance event, gives him (her) the right to refuse in the payment of insurance, unless it is proved, that the insurer promptly known about the insurance event or the lack of information of the insurer about it, would not affect to his (her) obligation to make insurance payment.

Footnote. Article 835 as amended by the Laws of the Republic of Kazakhstan dated December 18, 2000 № 128, dated July 1, 2003 № 445.

Article 836. Replacement Of An Insured Person

1. In the case of death of the insured person, who concluded the property insurance contract, his (her) rights and obligations shall transfer to the person, who takes the property by inheritance. In other cases of transferring property rights (or other rights), the rights and obligations of the insured shall transfer to the new owner (or the owner of other property rights) with the consent of the insurer, unless the contract or legislation provides another.

2. In the case of death of the insured person, who is concluded the personal insurance contract in favor of the insured, the rights and obligations, determined by this contract shall pass to the insured with his (her) consent. By inability of the insured person to fulfill obligations under an insurance contract, his (her) rights and obligations may be transferred to the persons, engaged in accordance with the laws on duty to protect his (her) rights and legitimate interests.

3. When reorganizing the insured, who is a legal entity, in the period of the insurance contract, his (her) rights and obligations under this contract shall transfer to the appropriate successor with the consent of the insurer and in the manner, prescribed by this Code.

Article 837. Replacement Of An Insured

1. If in the contract of insurance the liability for damage (Article 811 of this Code) insures the liability of a person other, than the insured, the latter is entitled, unless otherwise provided by the contract, at any time before the insured event to replace this person by another, with the written notice to the insurer.

2. The insured, who is not the insured person, named in the contract of personal insurance, property insurance, can be replaced by another with the consent of the insured (except for group life insurance) and the insurer.

3. If the third party insurance follows from the requirements of legislation on compulsory insurance, the replacement of the insured shall be, as prescribed by these laws and the contract based on them.

Footnote. Article 837 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 838. Replacement The Beneficiary

1. The insured person is entitled, before the insured event to replace a non-insured beneficiary, who is named in the insurance contract, by another person, with a written notice to the insurer.

2. The beneficiary may not be replaced by another person, after his (her) performance of certain duties, under the contract of insurance, arising from his (her) agreement with the insured, or claim to the insurer the insurance payments.

3. Replacement of the beneficiary, who is the insured, shall be in accordance with the procedure provided by Article 837 of this Code.

Footnote. Article 838 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128

Article 839. Grounds For Relief Insurer From Exercising Insurance Payment

1. The insurer has the right to refuse all or part in the insurance payment to the insured, if the insured event has occurred due to:

1) intentional acts of the insured person, the insured, and (or) the beneficiary, aimed at occurrence of the insured event or contributing to its occurrence, except for acts, committed in self-defense and necessity;

2) the actions of the insured person, the insured, and (or) the beneficiary, recognized by legal procedure as intentional crime or misdemeanor, that are in causal connection with the insured event.

The insurer is not relieved from the insurance payments under the contract of civil liability insurance, if an accident was caused by a person, whose responsibility is the subject of insurance.

The insurer is not relieved from the insurance payment, which is payable under the contract of personal insurance in the event of death of the insured, if the death was due to suicide and by that time the insurance contract has acted at least two years.

2. If a voluntary insurance contract and legislation on compulsory insurance provides otherwise, the insurer shall be exempt from payment of the insurance, if the insured event occurs due to:

1) affection of a nuclear explosion, radiation or radioactive contamination;

2) military activities;

3) civil war, any kind of civil unrest, mass riots or strike actions.

3. A property insurance contract provides otherwise, the insurer is relieved of the insurance payments for losses, incurred as a result of seizure, confiscation, requisition, arrest or destruction of the insured property, by order of the government.

4. The grounds for refusal of the insurer in making the insurance payments may also be the following:

1) the insured posts to the insurer the false information about insurance object, insurance risk, the insured event and its consequences;

2) willful failure of the insured to take action to reduce losses on an insurance event (Article 829 of this Code);

3) receiving of the insured a respective compensation of losses on property insurance from the person, who is responsible for causing the damage;

4) prevention by the insured person to the insurer in the investigation of the insured events and the determination of the amount of loss caused by them;

5) failure to notify the insurer about the insured event (Article 835 of this Code);

6) refusal of the insured person from his (her) claim against the person, who is responsible for the occurrence of the insured event, as well as refusal to hand over documents the insurer, which are needed for transferring to the insurer the claim (Article 840 of this Code). If the insurance payment has already been paid, the insurer has the right to demand its return in full or in part;

7) other cases stipulated by legislative acts.

5. Exemption of the insurer from insurance liability to the insured person, based on his (her) misconduct, provided by this Article, simultaneously shall release the insurer from the insurance payment to the insured or the beneficiary.

6. If it does not contradict legislation, the terms of the insurance contract may provide other grounds for refusal of an insurance payment.

7. The decision on refusal of the insurance payment shall be accepted by the insurer, and the insured shall be informed in writing, with motivated reasons for refusal.

8. The insurer's refusal to make an insurance payment may be appealed by the insurer in court.

Footnote. Article 839 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128 (the order of enforcement see Article 2).

Article 840. Transition To The Insurer Rights Of The Insured To Claim Damages (Subrogation)

1. If the property insurance contract provides otherwise, the insurer, who has effected an insurance payment, shall transfer a claim, within the paid amount, which the insured (insured) has the person, who is responsible for the losses, compensated by insurance. However, the condition of the contract, excluding the transition the insurer the claim to the person, who is intentionally caused damages, is invalid.

2. The right to claim, passed to the insurer shall performed by him (her) in compliance with the rules, governing the relationship between the insured (the insured) and the person, who is responsible the losses.

3. Insured person (insured) shall on receipt of insurance payment, transfer to the insurer all the documents and evidence, and tell him (her) all the information, necessary to perform the claim, passed to him (her) by the insurer.

4. If the insured person (insured) refused from his (her) claim to the person, who is responsible for the losses, compensated by the insurer, or exercising this right has become impossible, due to the fault of the insured (the insured), the insurer shall be exempt from the insurance payment in full or in corresponding part and shall be entitled to demand the return of the excessively paid amount.

Footnote. Article 840 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 841. Early Termination Of The Insurance Contract

1. Besides the general grounds for termination of the obligations under this Code, the insurance contract shall be terminated early in the event of :

1) the insurance object ceases to exist;

2) the death of the insured, who is not the insured person, and there was not a replacement (paragraph 8 of Article 815 of this Code);

3) disposal by the insured person of the object of property insurance, if the insurer objects to replace the insured, and the contract or legislation on compulsory insurance provides otherwise (paragraph 1 of Article 836 of this Code);

4) termination in the established order of business by the insured person, who had insured his (her) entrepreneurial risk or civil liability, connected with these activities;

5) the possibility of the occurrence of insured event has disappeared, and the existence of the insurance risk stopped by circumstances, other than insurance event.

In such cases, the contract shall be terminated from the moment of the circumstances, provided as a basis for termination of the contract and about, an interested party shall promptly notify the other;

6) entry into force of the court decision on compulsory liquidation of the insurer, except in cases, stipulated by the Law of the Republic of Kazakhstan "On Insurance";

7) *Excluded by the Law of the Republic of Kazakhstan dated 15.07.2010 № 338-IV (the order of enforcement See Article 2);*

8) changes to the conditions and information, included in the insurance policy, which is issued by an insurer, in accordance with the procedure, established by the legislative acts of the Republic of Kazakhstan;

9) in the cases, stipulated by the Law of the Republic of Kazakhstan "On Insurance".

1-1. If the insurer under the contract of endowment insurance terminates it unilaterally from the fourteenth to the thirtieth day after the date of conclusion of the contract, the insurer shall return the insured, the received amount of premiums, minus expenses, which cannot exceed twenty percent of the amount received as insurance premiums, incurred by the insurer at the conclusion of endowment insurance contract.

2. The insurer is eligible to cancel the contract of insurance at any time.

Footnote. Article 841 as amended by the Laws of the Republic of Kazakhstan dated 10.07.2003 № 483 (shall be enforced from 01.01.2004), dated 20.02.2006 № 128 (the order of enforcement see Art. 2), dated 30.12.2009 № 234-IV, dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2).

Article 842. Effects Of Early Termination Of Insurance Contract

1. In case of early termination of the contract of unfunded insurance due to the circumstances, provided in paragraph 1 of Article 841 of this Code, the insurer is entitled to a portion of the premium in proportion to the time, during which there were insurance premiums being paid. Refund of premiums (contributions) for liquidation of the insurer shall be in accordance with the priority of creditors, under the law of the Republic of Kazakhstan on insurance and insurance activity.

In case of early termination of the contract of endowment insurance, in the cases provided by sub-paragraph 6) of paragraph 1 of Article 841 of this Code and paragraph 3 of this Article , shall be refunded only the redemption amount, established by the contract, and in accordance with the priority of creditors under the law of the Republic of Kazakhstan on insurance and insurance activity.

2. If the insured refuses on the contract (paragraph 2 of Article 841 of this Code), and it is not connected with the matters, provided in paragraphs 1 and 1-1 of Article 841 of this Code, the premium or insurance fees, paid to the insurer are non-refundable, unless the contract provides another.

3.In cases, where the early termination of insurance contract, is due to the insurer’s failure of the conditions, the latter is obliged to return the insured the paid insurance premiums or insurance contributions in full.

Footnote. Article 842 is in the wording of the Law of the Republic of Kazakhstan dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2).

Article 843. Invalidity Of The Insurance Contract

1. Besides the general grounds for invalidity of the legal contracts, provided by this Code, the insurance contract is invalid, if:

1) at the time the contract was missing the object of insurance;

2) the objects of the insurance are illegal property interests (paragraph 2 of Article 807);

3) the object of insurance is subject to confiscation property, under the an enforceable court decision, or property obtained by crime, or is a target of crime;

4) as an insurance event, provided the event, which is divided of signs of probability and randomness of its occurrence (paragraph 3 of Article 817 of this Code) and, is inevitable and must objectively occur within the contract, what about the parties or, at least, the insurer had already known;

5) the insured in the contract, knowingly aimed to extract improper advantage, including a contract after the insurance event;

6) *(Is excluded - dated February 20, 2006 № 128 (the order of enforcement see Art. 2);*

7) *(Is excluded - dated February 20, 2006 № 128 (the order of enforcement see Art. 2);*

8) lack of consent of the insured in cases, where obtaining consent is required;

9) the written form of contract is not made (paragraph 3 of Article 825 of this Code).

2. Legislative acts on the compulsory insurance may be provided, in respect to certains of insurance other grounds, which recognized them as invalid.

Footnote. Article 843 as amended by the Law of the Republic of Kazakhstan dated February 20, 2006 № 128 (the order of enforcement see Article 2).

Article 844. Effects Of Recognition The Invalidity Of The Insurance Contract

1. Upon recognition of an insurance contract as invalid, the insurer is obliged to return the insured, received insurance premium or insurance contributions and, the insured (or beneficiary) returns the insurer the paid insurance payment, received from him (her).

If the contract is invalid on the grounds, that arose as a result of the misconduct of the insured, as the insurer at the time of conclusion of the contract, as well as during the execution, did not know or should have known, the insurer shall return the insurance premium or insurance contributions for the unexpired term of the contract, for net of incurred costs, and if insurance payment was made - has the right to require the return of the amount paid.

The same effects occur in the event, that the insurance contract is recognized as invalid for reasons, which give grounds the insurer to deny in the insurance payment (Article 839 of this Code).

2. If the insurance contract is aimed to achieving the criminal objective shall apply effects under paragraphs 4-6 of Article 157 of this Code.

Footnote. Article 844 as amended by the Law of the Republic of Kazakhstan dated December 18, 2000 № 128.

Article 845. Mutual Insurance

1. Citizens and legal entities may insure their property interests, provided by paragraph 1 of Article 807 of this Code, on a reciprocal basis by combining as companies of mutual insurance with necessary funds.

2. Mutual insurance companies are non-profit organizations and insure other property interests of their members.

Features of the mutual insurance, legal situation of mutual insurance companies and the conditions of their activity are determined in accordance with this Code and legislation on mutual insurance.

3. The insurance of property interests of members by mutual insurance companies shall be on the basis of membership and insurance contracts.

4. The implementation of compulsory insurance by mutual insurance is allowed in the cases, stipulated by legislative acts on mutual insurance.

5. *(Is excluded - dated February 20, 2006 № 128 (the order of enforcement see Article 2).*

Footnote. Article 845 as amended by the Law of the Republic of Kazakhstan dated February 20, 2006 № 128 (the order of enforcement see Art. 2), dated July 5, 2006 № 164 (the order of enforcement see Art. 2).

Chapter 41. Mandate

Article 846. Contract Of Agency

1. Under an agency contract, one party (agent) undertakes to perform in the name and at the expense of the other party (the principal) certain legal acts. On transactions, executed by agent, the rights and responsibilities arise directly on the principal.

2. An agency contract shall be in writing.

Article 847. Execution Of The Order In Accordance With The Instructions Of The Principal

1. The agent must execute his (her) order in accordance with the instructions of the Principal. The instructions must be specific, legally valid and enforceable.

2.An agent is eligible to withdraw from the instructions of the principal, if by circumstances of the case, it is necessary in the interests of the principal and the agent could not inquire of the principal or has not received a timely response to his (her) request. In this case, the agent must notify the principal on the deviations, as soon as the notification is possible.

3. By agreement of the parties, the commercial representative may be relieved from the duty, specified in paragraph 2 of this Article.

Article 848. Obligations Of The Agent

Agent shall:

1) personally perform his (her) mandate;

2) inform the principal upon his (her) request all the information about the execution of the order;

3) transfer the principal without delay, whatever he (she) is received in the transaction;

4) after execution of the order, without delay return the principal power of attorney, the validity of which has not expired, and report the application of supporting documents, if it is required by the nature of the order;

5) perform other duties, stipulated by legislative acts of the Republic of Kazakhstan.

Footnote. Article 848 as amended by the Law of the Republic of Kazakhstan dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2).

Article 849. Obligations Of The Principal

1. The principal shall, unless otherwise provided by the contract:

1) provide an agent with the means which are necessary to execute the order;

2) compensate the agent for incurred expenses, which were necessary for the execution of the order.

2. The principal is obliged to take without delay all executions of the agent in accordance with the contract.

3. The principal is obliged to pay fees to the agent, after the execution of the order in accordance with the rules of Article 850 of this Code.

4. Legislative acts of the Republic of Kazakhstan may provide other duties of the principal.

Footnote. Article 849 as amended by the Law of the Republic of Kazakhstan dated 15.07.2010 № 338-IV (the order of enforcement see Art. 2).

Article 850. Remuneration In The Contract Of Agency

1. Principal shall pay remuneration to the mandatory, if it is provided by legislative acts or the contract.

If the agency contract is related to the implementation of entrepreneurial activity of both parties or one of them, the principal shall pay remuneration to the agent, unless the contract provides another.

2. If a contract or legislation contains a reference to remuneration of executing contracts, but do not specify the amount of remuneration, it shall be determined with reference to commonly accepted rates for such services.

3. Remuneration shall be paid in case, if the agent proves that properly performed all the required actions, but the order was not exercised due to him (her).

Article 851. Appointment Of A Subagent

1. The agent has the right to transfer the performance of agency to another person (deputy), if the contract provides so or if the agent is forced to do that, in order to protect the interests of the principal.

2. An agent, who entrusts performance to another person, shall immediately notify the principal. Principal is entitled to reject the deputy chosen by the agent, unless this deputy has been named in the contract.

3. If the deputy of the agent is named in the contract, the agent shall not be responsible for his (her) conduct of business.

4. If the company of the deputy is stated in the contract, but the deputy is not named personally in the contract, the agent shall not be responsible for guilty actions of his (her) deputy.

5. If the company of the deputy of agent is not provided in the contract, the agent shall be responsible for any actions of his (her) deputy.

Article 852. Termination Of The Contract Of Agency

1. An agency contract shall be terminated, along with the general grounds for termination of obligations, due to:

1) the request of the principal to cancel the order;

2) the failure of the agent;

3) the death of the principal or agent, or the recognition of any of them incompetent, incapable or missing.

2. If the agent did not know or should have known about the termination of the agency contract, his (her) actions, made on the instruction of the principal shall be obligated the principal (his successor) to a third party and the agent.

3. The party, who withdraws from the contract with the agent, who is acting as an entrepreneur, shall notify the other party on the termination of the contract for one month, unless a longer period is provided by the contract.

Article 853. Effects Of Termination Of The Agency Contract

1. If the agency contract terminated before the order is fully executed by the agent, the principal must compensate the agent expenses, incurred in the execution of the order, and if the agent is payable fee?? also pay him (her) a fee, which is commensurate to the work done by him (her). This rule shall not apply to the agent of the order, after he (she) knew or should have known about the termination of the order.

2. The principal's cancellation of the order shall not be grounds for damages, caused to the agent by termination of the contract, except in cases of termination of the contract with the agent, who is acting as an entrepreneur.

3. Agent's refusal from execution of the order of the principal shall not be grounds for damages, caused to the principal by termination of the contract, except in cases of an agent's failure in conditions, when the principal unable to provide otherwise his (her) interests, as well as cases of contract termination by the agent, who is acting as an entrepreneur.

Article 854. Legal Succession In The Contract Of Agency

1. In case of death of the agent, his (her) heirs or other person, who are entrusted with the preservation of the estate, shall be required to notify the principal on the termination of the agency contract and take measures necessary to protect the property of the principal, in particular, keep items as well as documents of the principal, and then shall transfer such items to the principal.

The same obligation rests on the liquidator of a legal entity, who is an agent.

2. With the reorganization of legal entity, which is acting as representative, the principal shall be immediately notified in accordance with Article 48 of this Code. In this case, the rights and obligations of such entity shall be transferred to its legal successor, if the principal within a reasonable time shall not reject of the contract.

Chapter 42. Actions in Another's Interest Without Agency (Order)

Article 855. Terms Of Actions In Another's Interest

1. Actions without orders, other instruction or promised in advance consent of the interested person, in order to prevent harm to his (her) person or property, or the performance of his (her) obligations or his (her) other lawful interests (actions in another's interest) must be performed on the basis of apparent benefit, or benefit and actual or probable intentions of the interested person, with the circumstances of the case, required care and wariness.

2. The provisions of this Chapter, shall not apply to actions in the interest of other persons , committed by public bodies for which, such action is one of the objectives of their activities.

Article 856. Notification Of The Interested Person On The Actions In His (Her) Interest

1.A person, who is acting in another's interest, shall as soon as possible inform the interested person, and wait within a reasonable period of a decision, on approval or disapproval of the taken actions, unless the wait shall not cause serious injury to the interested person.

2. It is not necessary to inform the interested person on actions in his (her) interest, if these actions are being taken in his (her) presence.

Article 857. The Effects Of Approval By The Interested Person, The Actions In His (Her) Interest

If the person, on whose behalf and without his (her) orders the actions are taken, shall approve these actions, and to the relation of the parties shall apply in the future the rules of the agency contract or any other contract with the nature of the taken actions, even if approval was verbal.

Article 858. The Effects Of Disapproval By The Interested Person, The Actions In His (Her) Interest

1. Actions in another's interest, executed after, the person, who performs it, became known that they are not approved by the interested person, shall not entail any obligations for the latter, in respect of such action, or to a third party.

2. Actions, in order to prevent danger to the life of a person in danger, are prohibited against the will of that person, and the execution of any duty to maintain anybody against the will of him (her) for the person, which is his (her) duty.

Article 859. Compensation Of Losses To The Person, Who Acts In Another's Interest

1. Necessary expenses and other actual damages, incurred by a person, who is acting in another's interest, in accordance with the rules provided by this Chapter, shall be compensated by the interested person, except for the expenses, caused by the actions specified in paragraph 1 of Article 858 of this Code.

The right to compensation for necessary expenses and other actual damage, shall persist in the case, where the action in another's interest did not lead to the expected result. But, in the case of preventing damage to property of another person the amount of compensation shall not exceed the value of the property.

2. Costs and other damages of the person, who is acting in another's interest, incurred in connection with the actions that have been taken to the approval of the interested person (Article 857 of this Code), shall be compensated according to the rules of the contract on the species.

Article 860. Remuneration For Acting In Another's Interest

A person, whose actions in another's interest have resulted in a positive outcome for the interested person, shall be entitled to remuneration, if such right is provided by legislative acts , the agreement with the interested person or business customs.

Article 861. The Effects Of Transaction In Another's Interest

Obligations under the transaction, concluded in another's interest shall pass to the person, in whose favor it is made, and in condition of the approval of this transaction by him (her) and if the other party does not object to such transfer, or at the conclusion of the transaction knew or should have known that the transaction has been concluded in another's interest.

In the transition of responsibilities under the transaction to the person, in whose interests it was concluded, the latter shall be transferred the rights to this transaction.

Article 862. Unjust Enrichment As A Result Of Actions In Another's Interest

If actions are not directly aimed at the interests of the other person, including when the person doing them, wrongly assumes that the action in his (her) own interest, led to the unjust enrichment of another person, and shall apply the rules provided by Chapter 48 of this Code.

Article 863. Compensation For Damage Caused By Actions In Another's Interest

Relationship to compensate for damage, caused by actions in another's interest, to the interested person or third parties, shall be regulated by the rules provided in Chapter 47 of this Code.

Article 864. Report Of A Person, Who Is Acting In Another's Interest

The person, who was acting in another's interest, shall present to the person, in whose interests the action, the statement, which shows received income and incurred expenditure and other losses.

Chapter 43. Commission Fee

Article 865. Commission Contract

1. Under the commission contract, a party (the commission) shall at the request of the other party (the principal) for a fee, make one or more transactions on his (her) behalf by the expenses of the consignor.
2. Commission contract must be concluded in writing.

Article 866. Commission Remuneration

Consignor shall be obliged to pay compensation to the commission agent, and in the case provided by paragraph 2 of Article 868 of this Chapter, also makes additional compensation in the amount, specified in the contract. If the amount is not provided by contract and cannot be determined on the basis of its terms, the amount of remuneration shall be determined in accordance with paragraph 3 of Article 385 of this Code.

If the commission contract was not executed, due to reasons beyond the control of the consignor, the commission agent shall reserve the right to commission fee, as well as reimbursement for incurred expenses.

Article 867. Rights And Obligations Of The Commission On Transaction With A Third Party

1. For the transactions, made by the commission agent with a third party, the commission agent shall acquire the rights and becomes obligated, even if the consignor was named in the transaction or entered into with a third party in a direct relationship to the transaction.
2. At the request of the consignor, the commission agent must give him (her) the right to such transaction, with noticing of transfer to a third person, with whom the transaction is concluded. The latter shall not be entitled to raise against the consignor objections, based on his (her) demands to the commission, which are not arising out of the transaction.

Article 868. Execution Of A Commission Order

1. The commission shall perform all the duties and exercise all the rights, arising from the transaction, which he (she) concluded with a third party.

2. The commission agent is obliged to execute the assumed order, in accordance with the instructions of the consignor, and in the absence of such indications in the contract - in accordance with the business customs or other usual requirements, in the most favorable conditions for the principal. If the commission agent made a transaction on terms, which are more favorable than those, which have been specified by the consignor, then the profit shall be divided equally by the parties, unless another is provided by the contract.

3. The commission agent shall not be responsible to the consignor, for failure of transaction by a third party, made with him (her) on the expense of the consignor, unless the commission has shown due diligence in the selection of that person, or guaranteed the execution of the transaction (del credere).

4. In the event of failure the transaction by a third party, concluded between the commission agent, the commission agent shall immediately report this to the consignor, and gather and provide the necessary evidence.

5. The consignor, noticed on violation of transaction by a third party, concluded between the commissionaire, is entitled to demand the transfer of the requirements of the commissionaire to him (her) to this person on such transaction.

Article 869. Sub-commission

1. Unless otherwise provided by the contract, the commission is eligible to conclude a sub-agency contract with another person, remaining responsible for the actions of sub-commission to the consignor.

According to the sub-agency contract, the commission shall have the rights and obligations of the consignor in relation to sub-commission, except for the rights provided by paragraph 2 of Article 867 of this Code.

In cases, where the legislation permitted the conclusion of any transactions only by authorized persons, sub-agency contract may be concluded only with such a person.

2. Until the termination of sub-agency contract, the consignor shall have no right to enter into direct relations with sub-commissionaire, unless another is provided by the contract between the commission and the consignor.

Article 870. Deviation From The Instructions Of The Consignor

1. The commission is eligible to withdraw from the instructions of the consignor, in cases provided by paragraph 2 of Article 847 of this Code.

2. The commission, who sells the property for less than agreed with the consignor, shall compensate the latter difference, unless he (she) proves that he (she) was not able to sell the property at an agreed price, and selling at a lower price warned more heavy losses, and the

fact, that he (she) had no opportunity to obtain the prior consent of the consignor to withdraw from his (her) instructions.

3. If the commission buys property at a price, higher than agreed with the consignor, and the consignor is not willing to take such a purchase, the consignor shall be obliged to declare this to the commission, immediately upon receipt of notification of transaction with a third party. Otherwise, purchase is recognized as obtained by the consignor.

If the commissionaire reports that takes the difference in the price for his (her) own expense, the consignor shall have no right to refuse from a deal, concluded for him (her).

Article 871. The Right To Property, Which Is Subject To Commission

1. Property, which is received from the consignor or purchased at the expense of consignor by the commissionaire, is the property of the consignor.

2. The commission has the right to retain the property, which shall be transferred to the consignor or a third party under the transaction, concluded by the commission prior to the payment of amounts, due to him (her) under the commission contract.

Article 872. Withholding By The Commissionaire, Amounts Payable To Him (Her)

The commissionaire is eligible to hold due to him (her) under the commission contract amount, of all sums, received by him (her) at the expense of the consignor.

Article 873. Liability Of The Commission For Loss, Shortage Or Damage The Property Of The Consignor

1. The commissionaire is responsible to the consignor for any inaction that caused the loss , shortage or damage to any property of the consignor in his (her) possession.

2. If at the acceptance by the commissionaire property, sent by the consignor or introduced to the commission agent for the consignor, and in this property shall be damage, or other shortages, that can be seen on external examination, and in the event of damage to property of the consignor by any person, which is in the possession of the commissionaire, the commissionaire shall action to protect the rights of the consignor, gather the necessary evidence and all promptly notify the consignor. Under performance of these conditions, the commissionaire shall not be responsible for any loss of the consignor.

3. The commissionaire, who is not insured the consignor’s property located in him (her), shall be responsible for it only in cases, when the consignor ordered him (her) to insure the property or the property insurance is required by law.

Article 874. The Deal For Him(Her)Self

1. If the consignor shall not caused other, the commission contract can be made by the commissionaire so, that he (she) as the seller delivers the goods, which he (she) has to buy, or him(her)self as the buyer accepts the goods, which he (she) must sell.

2. The commissionaire, who present him(her)self as a seller the of goods or to accept them as the buyer, shall be eligible to the usual fee and can bill for compensation of expenses, arising from the transaction fees.

Article 875. Adoption By The Consignor Executed Under The Commission Contract

Consignor shall:

1) accept from the commission everything performed under the contract;

2) inspect the property, purchased for him (her) by the commissionaire, and to notify the latter, immediately upon the detection of shortages of this property;

3) release of the commissionaire from the obligations, assumed him(her)self to the third party, on execution the commission order.

Article 876. Compensation Of Expenses For Execution A Commission Order

1. The consignor shall be obliged, in addition to the payment of commission fee, in appropriate cases, to additional compensation for del credere, and to compensate the commissionaire, spent by him (her) on execution orders amount.

2. The commissionaire has no right to compensation on storage of the consignor's property, if the legislation or the contract provides otherwise.

Article 877. Cancellation Order By The Consignor

The consignor has the right at any time to cancel the order to the commissionaire. The commissionaire's losses, caused by the cancellation of the order shall be compensated on the same basis.

In case of cancellation of order, consignor shall be obliged to dispose of the property located at the commissionaire, within one month from the cancellation the order, unless the contract provides otherwise. If the consignor fails to fulfill this obligation, the commissionaire may either deposit the property for storage, or to sell it on the best possible price for the consignor.

Article 878. The Refusal Of The Commissionaire To Perform Orders

1. The commissionaire shall not, unless another is provided by contract, refuse to execute received orders, except when the violation of duties by the consignor, entails the impossibility of execution of the order, in accordance with the consignor or impossibility of performance is due to other circumstances, for which the commissionaire is not responding.

The commissionaire shall notify the consignor in writing on his (her) refusal and take measures for safe-keeping of any property of the consignor.

The consignor, who was informed of the refusal of the commission to execute instructions , shall dispose the property which is at the commission agent within a month from the date of receipt of the refusal, unless the contract provides otherwise. If he (she) shall not fulfill this obligation, the commission may either deposit the property for storage, or sell it on the best possible price for the consignor.

2. The commissionaire, who refused the execution of the order due to violation of his (her) duties by the consignor, shall retain the right to commission fee, as well as compensation for incurred expenses.

Article 879. Termination Of The Commission Contract

1. The contract shall be terminated, in the event of consignor's cancellation of all orders, under the commission contract.

2. The commission contract shall be terminated, in addition to the common grounds, as a result of:

1) the failure of the commission to execute the contract;

2) the death of the commission, and recognition him (her) incapable, disable, missing or insolvent (bankrupt).

Article 880. The Refusal Of The Consignor From The Contract, Concluded Without Specification Of The Period

The consignor is eligible at any time to cancel the commission contract, concluded without specifying the period, by notification of the commissionaire about the refusal no later than one month, unless a longer period of notice is not established by the contract.

In this case, the consignor shall be obliged to pay the commission fee to the consignor for transactions, made by him (her) before the termination of the contract, as well as to compensate the consignor expenses, incurred prior to the termination of the contract.

Article 881. The Refusal Of The Commissionaire From The Contract, Concluded Without Specifying The Period

1. The commissionaire is eligible at any time to cancel the commission contract, concluded without specifying the period, with notification the consignor about the refusal no later than one month, unless a longer period of notice is not provided by the contract.

In this case, the commissionaire shall be obliged to take measures for the safe-keeping of any property of the consignor. The consignor shall be obliged to dispose the property, which

is at the commission agent before the termination of the contract. If he (she) shall not fulfill this obligation, the commissionaire may either deposit the property for storage, or sell it on the best possible price for the consignor.

2. The commissionaire, who cancels the contract, is eligible to receive commission fee and compensation of expenses, due to him (her) at the time of termination.

Article 882. Legal Succession In The Contract Of Commission

1. In the case of reorganization of the legal entity, which is the commissionaire, his (her) rights and obligations shall be transferred to successors, if within one month from the date of receipt of notice on the reorganization held, consignor shall not report the termination.

2.In case of death of the citizen, who is the consignor, recognition him (her) incapable, disable, and missing, and in the event of liquidation of the legal entity-consignor, the commissionaire shall continue to perform given commission orders, as long as from the heirs or representatives of the consignor shall not be received other appropriate instructions.

Chapter 44. Trust management of property

Article 883. The Concept And Grounds For The Trust Management Of Property

1. In settlement the trust management of property, the trustee shall control on the beneficiary's behalf the property, transferred to his (her) possession, use and disposal, unless otherwise provided by contract or legislation, in the interests of the beneficiary.

2. Property trust is arising (establishing) on the basis of:

1) transactions (in particular, under the contract, according to the testament, which appointed the executor (trustee);

2) a judicial act (by appointment of a competent or rehabilitation manager in bankruptcy proceedings, custody of the estate of the incapacitated, missing or deceased citizen, and in other cases, stipulated by legislative acts);

3) the administrative act (in the establishment of guardianship of the estate of a minor, deceased; admission entrepreneur in the public service and in other cases, stipulated by legislative acts).

3. Features of property trust management for banking activity are established by legislative acts of the Republic of Kazakhstan regulating banking activity.

4. Features of trust management of the state property are established by legislative acts of the Republic of Kazakhstan on state property and other legislative acts of the Republic of Kazakhstan.

Footnote. Article 883 as amended by the Law of the Republic of Kazakhstan dated 12.01.2007 № 225 (shall be enforced from the day of its official publication), dated 12.02.2009 № 133-IV (the order of enforcement see Article 2), dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).

Article 884. Subjects Of Property Trust Management

1. The founder may be the owner, as well as the other subject of a property right or the competent authority, authorized to the transfer of property in trust.

2. The trustee may be any person, unless otherwise provided by legislation. The appointment of a trustee can be made only with his (her) consent.

3. The beneficiary (the person, in whose interests made the management of the property) may be any person, who is not a trustee, and the state or political subdivision.

4. Unless another is provided by legislation or contract on trust management, the beneficiary shall be the founder of the trust property.

Article 885. Subjects Of Property Trust Management

1. The object of trust management can be any property, including cash, securities and property rights, unless another is provided by legislation.

2. Trustee shall account the trust property, separately from the property belonging to him (her) on the right of ownership (economic control, operational management).

3. Property, acquired and (or) received by the trustee in the course of his (her) duties, shall be included in the trust property.

4. Foreclosure on the debts of the founder to the property, transferred to him (her) in trust, shall not be permitted, except the cases provided by Article 1081 of this Code and the Insolvency (Bankruptcy) of the person. In bankruptcy of the founder, trust management of this property shall cease, and it is included in the bankruptcy assets.

5. Transfer of the pledged property in trust, shall not deprive the mortgagee the right to foreclose on the property.

Article 886. Trust Management Contract

1. Under the contract of trust management, one party (trustor) transfers to another party (the trustee) the property in trust, and the other party agrees to manage these assets for the benefit of the person, indicated by the trustee (beneficiary).

In the period of the contract of trust management, the founder of the trust may not take any action with respect to property, held in trust, unless another is provided by the legislative acts of the Republic of Kazakhstan or this contract.

2. The property trust management contract shall provide:

1) the subject and period of the trust management contract;

2) the composition of the property, transferred to the trust;

3) an indication of the beneficiary;

4) the timing and form of reporting of the trustee;

5) an indication to the person, who shall be receiving the property, in the event of termination of the contract of property trust management.

For certains of contracts legislation may provide other essential terms.

The contract may provide for other conditions, including the amount and forms of remuneration.

The contract may provide the rights of third parties to the property, which is transferred in trust.

3. The rules on the trust management contract, shall subject to the relations, arising for other reasons of establishing trust management, unless otherwise provided by legislation or being of occurred relations.

Footnote. Article 886 as amended by the Law of the Republic of Kazakhstan dated May 16, 2003 № 416.

Article 887. Form Of The Contract Of Property Trust Management

1. The property trust management contract shall be in writing.

2. The contract of trust management of the real property shall be concluded in the form and manner prescribed by the contract for the alienation of immovable property.

Footnote. Article 887 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 888. Rights And Responsibilities Of The Trustee

1. The Trustee shall have the right to take any action, which would make the owner with a trusted property for the purpose of appropriate management.

The rights of the trustee to the trust property may be limited by legislative acts, contracts or other acts, under which the property trust management are based.

The trustee is eligible to make alienation and pledge of real property only in cases, when it is provided by the Act on establishment of trust management.

2. The trustee is entitled to compensation for necessary expenses, incurred by him (her) in trust management at the expense of the founder (the beneficiary) or a trusted property or from the proceeds of usage of the authorized property.

The trustee shall be entitled to remuneration, if the act provides for the establishment of trust management.

3. Trustee shall be entitled to claim property, entrusted to him (her) from unlawful possession, and demand the removal of a violation of his (her) right to management even these violations are not related to possession.

4. The trustee reports about his (her) activity to the founder and beneficiary in terms and in the manner, prescribed by the contract of trust management. At the request of the founder, and (or) the beneficiary the report on the activity of the trustee shall be submitted immediately in other cases too.

5. The transaction, made by the trustee in breach of his (her) restrictions shall be valid, if involved in such a transaction third parties did not know or should have known such restrictions. In this case, the trustee is liable to the trustor in accordance with the contract and legislation.

Liabilities of the transactions, made by the trustee in excess of the powers, conferred upon him (her) or in violation of the restrictions for him (her), shall bear the trustee by his (her) property.

Article 889. Transference Under The Initiative Of The Trustee

1. Trustee shall execute trust management of the property personally.

2. The trustee may appoint another person to perform any act, required to manage entrusted property, if he (she) is authorized by act on establishment of a property trust or forced to it by circumstances to ensure the interests of the beneficiary and do not have an opportunity to ask the instructions of the trustor. In this case, the trustee shall be responsible for the actions of his (her) attorney as his (her) own.

The trustee shall promptly notify the trustor about the transference. Trustor, unless another is provided by legislation, in this case is eligible to declare the termination of property trust management, refund to the trustee the expenses incurred before, and if trust is a business activity, and then compensate the damages.

Footnote. Article 889 as amended by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its first official publication).

Article 890. Liability Of The Trustee

1. In case of improper management of the property, the trustor or beneficiary may bring a claim in court to terminate trust and compensate damages. In this case, the trustee is assumed guilty for improper performance of duties unless he (she) proves that he (she) has taken all possible measures for the proper performance of duties.

2. Trustee shall be subsidiary liable to third persons by his (her) property for the damages, caused by improper actions for management of property.

Article 891. Termination Of The Contract Of Property Trust Management

1. Contract on trust management, along with the general grounds for termination of obligations, shall be terminated by:

1) the death of a citizen, who is a trustee, and declaring him (her) dead, the recognition him (her) legal incapable or limited capable, and missing; and liquidation of the legal entity, which is the trustee;

2) refusal of the trustee or trustor, due to the inability to the trustee, personally manage the trusted property;

3) refusal of the trustor from the performance of the contract, subject to payment of damages and fee to the trustee, if it is provided by the contract;

4) refusal of the trustee in the case of non-disclosure to him (her) about the transferring to management the charged property with payment of the fee, if it is provided by the contract.

2. Transfer of ownership to the trusted property shall not cease the property trust management.

3. Upon termination of the contract of property trust management, trusted property shall be transferred to the person, who is specified in the contract.

4. In case of bankruptcy of the trustor, the trust management of property stops and trusted property shall be transferred to the bankruptcy estate.

In the case of death of an individual, who is a trustor the trusted property shall be transferred to the succession mass.

5. Upon termination of the contract by the initiative of one party, the other shall be notified at least three months (except as provided in sub-paragraphs 2) and 4) of paragraph 1 of this Article), unless another is stipulated by legislative acts or the contract.

6. The procedure and conditions for termination of trust management of securities are determined by the legislation of the Republic of Kazakhstan on the securities market.

Footnote. Article 891 as amended by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 892. Trust Management Of Shares And Other Securities

1. Trustee shall have the right to deal in shares and other securities, transferred in trust, and (or) the acquisition by the trusted property or at the proceeds from the usage of a trusted property.

2. Information about the trust manager on the issuing securities shall be reflected on the account of the owner of the trust, which is opened by the professional participant of the securities market, in accordance with the legislation of the Republic of Kazakhstan.

3. Trustee in the management of entrusted shares (share), unless another is provided by the act on establishing the trust management, shall :

1) participate in the management of the corporation;

2) receive dividends payable on shares and transfer them to the beneficiary;

3) in the event of liquidation of the company receive the shares earned by the property and transfer it to a beneficiary or the founder under the contract;

4) implement the alienation of shares and otherwise deal with, including the bail.

4. Features of trust management of securities are determined by the legislation of the Republic of Kazakhstan.

Footnote. Article 892 as amended by the Law of the Republic of Kazakhstan dated May 16, 2003 № 416.

Article 893. Trust Management Assets Of Investment Funds

Features of the trust management of assets of investment funds are operated under the conditions and in the manner established by the legislation of the Republic of Kazakhstan on investment funds.

Footnote. Article 893 is in the wording of the Law of the Republic of Kazakhstan dated July 7, 2004 № 577.

Article 894. Trust Management Company As A Property Complex

Trust management of company as a property complex is operated on the conditions and in the manner prescribed by the act on establishment of a trust management, unless another is provided by legislation.

Article 895. Trust Management To The Property Of Public Servant

Property of a public servant, used for business activity, shall be transferred to trust management in the cases and in the manner provided by legislative acts.

Chapter 45. Complex Business License (Franchising)

Article 896. The Concept Of A Contract On Complex Business License

1. Under the contract of complex business license, one party (the complex licensor) shall provide the other party (the complex licensee) for the reward the system of exclusive rights (license complex), including, in particular, the right to use the licensor's brand name and proprietary information, and other intellectual property rights (trade mark, service mark, patent, etc.) specified in the agreement, for use in the business activity of the licensee.

2. The contract of complex business license provides for the use of licensed complex, business reputation and business experience of the licensor in a certain extent (in particular, with the establishment of minimum and (or) the maximum amount of use), with or without the indication of the territory, with respect to a particular field of activity (sale of goods, received from the licensor or made by the user, the implementation of other commercial activities, works, services).

3. The restrictions for the usage of complex business license contract in some areas of business shall be established by legislative acts.

Article 897. Form Of A Contract On Complex Business License

Complex business license contracts must be concluded in writing.

Article 898. Obligations Of The Licensor

The licensor shall within the period and to the extent specified in the contract transfer to the licensee technical and commercial documents and provide other information, necessary to the licensee to exercise the rights granted to him (her) under the contract, as well as provide training and advice to the licensee on matters relating to the implementation of these rights.

Contract may provide other obligations of licensor.

Article 899. Obligations Of The Licensee

Unless another is provided by the contract, the licensee shall:

1) use in the implementation of activities under the contract the license complex of the licensor in the manner specified in the contract;

2) allow the licensor to his (her) production area, provide him (her) with the necessary documentation and assist in obtaining the information, necessary to monitor the proper use of exclusivity;

3) follow all instructions and indications of the licensor concerning the nature, methods and conditions of use the transferred exclusive rights;

4) not disclose the production secrets of the licensor and the other confidential commercial information;

5) inform the buyers (customers) by the most obvious way for them, that he (she) uses the name, trademark, service mark or other means of individualization under the contract of a complex business license.

Article 900. Restrictive Conditions

1. Complex business license contract may provide restrictive (exclusive) conditions, in particular:

1) the obligation of the licensor not to grant other similar complex business licenses for their use in the territory, assigned to the licensee or refrain from immediate self-employment in this area;

2) the licensee's obligation not to compete with the licensor in the territory of application of a complex business license in respect of a business, carried on by the licensee with exclusive rights belonging to the licensor;

3) failure of the licensee to obtain other complex business licenses from competitors (or potential competitors) of the licensor;

4) the licensee's obligation to negotiate with the licensor the location of the premises, their external and internal design, used in the implementation of the agreement provided the exclusive rights.

2. Restrictive conditions of the contract of complex business license shall be invalid in cases where it is stated that:

1) the licensor is entitled to determine the licensee's selling price of the goods or the price of works (services) performed (provided) by the licensee, or set an upper or lower limit of the indicated prices;

2) the licensee is eligible to sell goods, works or services only to a certain category of buyers (customers) or exclusively buyers (customers), who live (residence) on the territory specified in the contract.

Article 901. Licensor's Responsibility To The Requirements Of The Licensee

Licensor is vicariously liable for the requirements, imposed on the licensee on the inadequate quality of goods (works, services), sold (performed or rendered) by the licensee under the contract of complex business license.

Article 902. Complex Business Sublicense

1. Complex business license contract may provide the licensee's right to allow to use the granted to him (her) all or some of the exclusive rights to others on terms agreed with the licensor or defined by the contract.

2. The contract of complex business license may contain the licensee's obligation to issue within a certain period of time, a certain number of sub-licenses, with or without an indication of the territory of their use.

3. The rules of principal contract between the licensor and licensee shall apply to the contract of complex business sublicense, unless otherwise stated from the features of contract on complex entrepreneurial sublicense.

Article 903. Dependence Of The Complex Business Sublicenses On The Principal Contract Between The Licensor And Licensee

1. Complex business sublicense contract cannot be concluded for a longer period than the main contract between the licensor and the licensee.

2. Termination of the contract of complex business license shall terminate all contracts of complex business sublicense concluded in accordance with it.

3. If the licensor's main contract with the licensee is invalid on the grounds stipulated by legislative acts, all the contracts of complex business sublicense concluded in accordance with it shall be invalid.

Article 904. Features Of Relationship Of The Licensor, Licensee And Sublicense

1. Unless another is provided by the contract of complex business license, in the early termination of it, the rights and obligations of the licensee under the contract of complex business sublicense shall transfer to the licensor.

2. The licensee shall be vicariously liable for the harm, caused to the licensor by the sublicensees' actions, unless otherwise provided by the contract of complex business license.

Article 905. Continuance In Force Of The Contract At Change The Company Name

In case, when the licensor changes his (her) name, the contract of complex business license shall be valid for a new company name of the licensor, if the licensee does not require termination of the contract and compensation of losses. If the contract is saved, the licensee is eligible to demand a proportionate reduction of remuneration, payable to the licensor.

Article 906. Continuance In Force Of The Contract At Change One Or More Exclusive Rights To The Use

In cases in which the licensor changes one or more exclusive rights to the user, the contract of complex business license shall be valid for new exclusive rights of the licensor, if the licensee does not require termination of the contract and compensation of losses. If the contract is saved, the licensee is eligible to demand a proportionate reduction of remuneration, payable to the licensor.

Article 907. Consequences Of The Termination Of The Exclusive Rights To The User

If during the period of the contract of complex business license, is expired any exclusive right, which is included under the contract in the set to the user, or this right is expired on another basis, the contract shall be valid, except for the provisions relating to the terminated right, and the licensee, unless another is provided by contract, is eligible to demand a proportionate reduction of remuneration, payable to the licensor.

Article 908. Termination Of The Contract Of Complex Business License

1. Complex business license contract concluded with the term may be terminated in accordance with the rules of this Code.

2. Party in the contract is entitled to refuse from the termless contract of complex business license, with notification of the other party six months before, unless the contract provides for a longer period of notice.

Article 909. Succession In The Contract Of Complex Business License

1. Transfer to another person of any particular exclusive right, which is included in the license complex, shall not be a reason to change or cancellation of the contract. The new owner enters into a contract to the rights and obligations, relating to the transferred exclusive right.

2. In case of death of the licensor-citizen, his (her) rights and obligations under the contract of complex business license shall transfer to the heir, if the latter is registered, or

within six months from the date of opening of the inheritance shall be registered as an entrepreneur. Otherwise, the contract is terminated.

Administration of the license complex prior to the adoption of the successor the rights and obligations or to register the successor as an entrepreneur, is carried out by a trustee, who is appointed by a notary in the prescribed manner.

Chapter 46. Competitive Obligations

Article 910. Content Of The Competitive Obligation

1. This chapter regulates the competitive obligations, arising from the public promise of rewards, and obligations, arising under the tender, auction and other forms of trading, established by the legislative acts of the Republic of Kazakhstan.

Competitive obligations may also be regulated by other legislative acts of the Republic of Kazakhstan.

2. In competitive obligation, its initiator based on certain of the items and initial conditions of the competition, offers to attend an indefinite or a particular group of people, and agrees to pay the fixed fee to the winner and (or) enter into a contract, which is corresponding the content of competitive obligation.

3. Invitation to take part in the competition can be made by the tender initiator, either directly or through an intermediary, the contest organizer.

Rights and obligations of the intermediary are determined by his (her) contract with the initiator of the competition.

4. Competition may be open, when the proposal of the initiator to take part in the contest is addressed to everyone, by announcing in the press and other media, or may be closed, when the invitation to tender sent to specified people by the choice of the initiator of the competition.

5. Open competition may be provided by the preliminary qualification of its participants, when the initiator of the competition conducted pre-selection of individuals, who want to take part in the competition.

Footnote. Article 910 as amended by the Law of the Republic of Kazakhstan dated May 21, 2002 № 323.

Article 911. Public Promise To Remuneration

1. Any person, who has announced publicly on the remuneration in cash or in another form for the best performance of work or achievement of other results, shall fulfill an obligation to a person, who in accordance with the terms of the competition is declared the winner.

2. Public promise to remuneration has to contain provisions, providing an essence of the task, the criteria and order of results, the amount and form of remuneration, and the order and timing of the announcement of results.

3. The decision to pay remuneration and its payment must be accepted and implemented within the promised time.

4. If the tender was announced for the creation of works of science, literature and art, a person, who gave a public promise, gets a preferential right to conclude the contract with the creator of the product for its use with the payment of the fee, unless another is provided by a public promise of reward.

5.A person, who gave a public promise of reward, shall be obliged to return the works, which are not awarded remuneration to their creators, unless otherwise provided by the terms of the contest.

Article 912. Cancel The Public Promise Of Remuneration

1. The person, who announced publicly the payment of remuneration, shall be entitled to the refuse the promise, if the announcement provides, or it implies the inadmissibility of refusal or is given a certain time limit for the action, for which the reward promised, or at the time of the announcement of refusal, at least one of the persons already implements actions, specified in the advertisement.

2. The cancellation of the public promise of remuneration shall not relieve the person, who announced the reward, from compensation to a person, the costs incurred in connection with the commission of prescribed declaration. The amount of compensation in all cases cannot exceed remuneration specified in the declaration.

Article 913. Features Of Conducting Of Lotteries, Sweepstakes And Other Games

1. The relationship of the state, administrative-territorial unit or a person, who has received from the authority a license to conduct lotteries, sweepstakes and other games based on chance, with a participant of these games is based on the contract. Such a contract is issued by granting a lottery ticket, receipt or other document and recognized as concluded since the payment of the games participant the cost of ticket or other payment for participation in the game.

2. Persons who, in accordance with the terms of the lottery, sweepstakes or other games are considered winners, shall be paid by the initiator (the organizer) of games the wining payment, under the conditions of the games in the amount, form (monetary or in kind) and terms, and if the time in these conditions was not specified, within ten days of the determination of the results of games.

3. In cases of breach the obligation specified in paragraph 2 of this Article by the games initiator (organizer), a participant, who won the lottery, sweepstakes or other games, is entitled to demand payment of winnings, as well as compensation for losses.

Article 914. Requirements Related To The Gaming And Betting And Participation In Them

The demands of citizens and legal entities, connected with the organization of the games or betting, based on risk (gambling and betting), or participation in them, subject to the organizer of gambling with the terms of gambling and (or) betting, shall not be subject to judicial protection, except for claims arising out of the relations mentioned in Article 913 of this Code.

Footnote. Article 914 as amended by the Law of the Republic of Kazakhstan dated 04.05.2009 № 157-IV (the order of enforcement see Art. 2).

Article 915. Tender

1. At the auction in the form of tender its initiator undertakes (the organizer) on the basis of proposed baseline conclude a contract (as a seller, buyer, customer, contractor, landlord, tenant, etc.) with the bidder, who offers the best for the initiator of tender terms and conditions.

2. Bidders, within the terms of its timing, refer to the initiator or the organizer of the tender proposals in writing with the application of all tender documentation. Conditions of the tender can provide proposals in a sealed envelope and under the motto.

Violation of the deadline for submission of proposals shall entail exclusion of the person, who missed the deadline, from the number of bidders, if the initiator or organizer does not notify in writing this person for admission to tender.

3. Choosing the winner among the participants is carried out by the initiator of a tender or tender commission created by him (her) in closed or open manner under the terms of the tender.

4. The tender may be declared invalid by its initiator, if it was attended by less than two participants or offers of participants of the tender are recognized by the initiator of the tender as dissatisfying the conditions of the tender.

5. The initiator of the tender signs the contract with the winner of the tender. In case of refusal of the initiator to conclude the contract with the winner, the winner of the tender may recover damages caused to him (her).

6. Conditions of the tender can be provided by making the guarantee fee of each tender participant, which shall be returned to participants after the results of the tender. The guarantee fee shall not be refundable, if the tenderer refuses from his (her) offer or modify it before the expiration of the tender.

The guarantee fee shall not be refundable to the winner of the tender, in the event, where the winner refuses to sign a contract with the initiator of the tender on terms, which are meeting proposals of winner.

Footnote. Article 915 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 916. Auction

1. In an auction the seller is obliged to sell the auction item to the bidder who offers him (her) the highest price.

2. The auction can be conducted in the context of rising or falling the prices declared by the seller.

3. The terms of the auction, conducted by a fall in prices, may be provided by a minimum price at which the item can be sold.

4. The subject of the auction may be any movable or immovable property, which is not withdrawn from the civil turnover, including intellectual property, contracts and property rights, including import, export and other quotas and licenses.

5. Proposals for participation in the auction shall contain information about the subject of the auction, the time and place of the meeting.

6. Persons, wishing to participate in the auction, until the start of the auction, unless otherwise provided by the terms of the meeting, submit a request to participate in the auction and make a set amount of guarantee fee.

7. The auction may be held, if it shall be participated by at least two participants (customers).

8. If the subject of the auction did not want to buy any of the participants, the initial price may be reduced or the subject can be removed from the auction.

9. Unless another is stipulated by the terms of the auction, with the bidder, who offered the highest price, is concluded a contract to sell him (her) a subject of the auction.

10. If the buyer refused to enter into a contract, under paragraph 9 of this Article, he (she) should be excluded from participation in the auction, the guarantee fee shall not be refunded, and the subject of the auction, from purchasing of which the buyer refused, could again be put up for auction.

11. For individuals who took part in the auction, but did not buy anything, the amount of the their guarantee fee shall be refunded.

For persons, who purchased any item in the auction, the amount of guarantee fee shall be credited against the purchase price.

Footnote. Article 916 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 47. Liabilities arising from injury
Paragraph 1. General provisions

Article 917. General Basis Of Responsibility For Causing Harm

1. Harm (property and (or) non-property), caused by illegal actions (inaction) to the property or non-property rights and benefits of citizens and legal entities shall be compensated by the person, who caused the damage, in full.

To person, who is not a causer may, be imposed the duty of compensation and set a higher amount of compensation by legislative acts of the Republic of Kazakhstan.

2. A person who caused harm shall be exempted from its compensation, if he (she) proved that the damage was caused not by his (her) fault, except the cases, provided by this Code.

3. The damage caused by lawful actions shall be compensated in cases provided by this Code and other legislative acts.

Article 918. Prevention Of Causing Harm

1. The risk of harm in the future can be the basis for the suit to ban actions that create such a risk.

2. If the injury is a consequence of the operation of the enterprise, construction or other industrial activities, which also continues to cause harm or threaten new harm, the court may order the defendant, in addition to paying compensation for damages, to stop the activity.

The court may disallow the claim for termination of the related activity, if the termination is contradict to the public interest. The refusal to terminate such activity shall not deprive the victims of the right to compensation for damage caused by this activity.

Article 919. Causing Of Harm In Necessary Defense

Harm, caused in necessary defense shall not be compensated, if it is not exceeded its limits.

Article 920. Causing Of Harm In State Emergency

The damage, caused in a state of emergency, for elimination of danger to him(her)self or others, and if this danger under the circumstances could not be eliminated by other means, must be compensated by the person, who caused the harm.

Considering the circumstances under which such harm was caused, the court may impose the duty to refund to a third person, for whose benefit the act caused harm, or to the third party or harm-doer in the share order, and to release from the compensation of damage in whole or in part as this third person, and the person, who caused harm.

Article 921. Liability Of A Legal Entity Or Citizen For Harm, Caused By His (Her) Employee

1. A legal entity or citizen shall compensate the damage, caused by his (her) employee in the performance of employment (employment, official) duties.

2. Regard to the provisions of this Code on liability for commission of the injury by employees, recognized the citizens performing work under an employment contract, as well as on the basis of a civil contract, if they acted or should have acted on the instructions and under the supervision of the legal entity or citizen, who is responsible for the safe operation.

Business partnerships, joint stock companies and production cooperatives compensate the damage, caused by their participants (members) in the implementation of the latest business, industrial or other activities of the partnership, corporation or cooperative.

Footnote. Article 921 as amended by the Law of the Republic of Kazakhstan dated May 15, 2007 № 253.

Article 922. Liability For Damage Caused By The State Authorities, Local Authorities And Their Officials

1. The harm, caused by publication of acts of the public authorities, which are unconformable to the legislation, shall be compensated upon a court decision, regardless of the fault of agencies and officials, who issued the act. Harm shall be compensated at the expense of the state treasury. A representative of the Treasury is financial authorities or other bodies and individuals on special assignment.

2. Local self-government bodies are responsible for damage, caused by their bodies and officials, in a judicial proceeding.

3. Damage, caused by unlawful actions (inaction) of public officials in the administration governance shall be compensated on the same basis (Article 917 of this Code) at the expense of money, which is at the disposal of the bodies. With their lack the harm shall be subsidiarily reimbursed by the state treasury.

Article 923. Responsibility For The Damage Caused By Unlawful Actions Of The Investigating Agencies, Preliminary Investigation, Prosecution And Courts

1. The harm caused to an individual, as a result of unlawful conviction, unlawful criminal prosecution, unlawful use as a measure of preventive detention, house arrest, recognizance not to leave, unlawful imposition of an administrative penalty in the form of detention or correctional labor, illegal placement in a psychiatric or other medical institution shall be reimbursed by the state in its entirety, regardless of the guilt of the persons of inquiry, preliminary investigation, prosecution and court, in accordance with the legislation.

2. The harm caused to an individual or entity as a result of other illegal activities of the investigating agencies, prosecutors, shall be refunded on the grounds and in the manner provided by Article 922 of this Code.

3. Harm caused by unlawful actions (inaction) of judges and other court employees in the exercise of justice, except as provided in paragraph 1 of this Article shall be compensated on the same basis and in the manner prescribed by paragraph 3 of Article 922 of this Code.

Article 924. Compensation Of The Harm By The Person, Who Has Insured Responsibility

A legal entity or citizen, who has insured his (her) liability in voluntary or compulsory insurance and in case of insufficiency of the insured sum for the full recovery of damage shall reimburse the difference between the insured amount and the actual amount of damage.

Article 925. Responsibility For The Damage, Caused By Minors At The Age To Fourteen

1. For damage, caused by a minor under the age of fourteen (juvenile), meet their legal representatives, unless they prove that the damage was their fault.

2. If a juvenile, who needs care, was at an appropriate educational institution, medical facility , social welfare body, or other similar institutions, which by law is a guardian, then this institution is obliged to compensate the damage caused by the minor, unless the institution can prove that the damage was not the fault of the juvenile under its care.

3. If a minor, injured in the time, when he (she) was under the supervision of the educational institution, educational, medical or other institution, which are obliged to implement supervision over him (her), and the person, who is required to supervise according to the contract, the institutions and persons shall be responsible for the damage, unless they prove that the damage was not their fault in the supervision.

4. The duty of legal representatives, educational institutions, educational, medical and other institutions on compensation of damage shall not stop with the achievement of minor the age or getting their property sufficient to redress.

If the legal representative died or they, and other citizens, specified in paragraph 3 of this Article, do not have sufficient funds for compensation of damages, caused to life and health of the victim, and if the causer, who became fully capable, has such means, the court, in view of the property status of the victim and the injurer, and other circumstances, may decide the compensation of damages in full or in part by the property of the causer.

Footnote. Article 925 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 926. Responsibility For The Damage, Caused By Minors Under The Age To Fourteen

1. Minors under the age of fourteen to eighteen shall bear responsibility for the damage that they cause personally.

2. When a minor between the ages of fourteen and eighteen years, have no property or other sources of income sufficient for compensation, the harm must be compensated in full or

in the missing part by his (her) legal representatives, if they can prove that the damage was not their fault .

If a minor under the age of fourteen to eighteen, who is in need of care, is in the appropriate educational, medical, social welfare, or other similar institutions, which by law is his (her) guardian, the institutions shall be required to fully compensate the damage or missing parts, if they prove that the damage was not their fault.

3. The duty of the legal representatives and the institution to compensate for damage, shall terminate on reaching the causer adulthood, or when he (she) shall have the property or other sources of income, sufficient for compensation, or when he (she) got up capacity prior the legal age (paragraph 2 of Article 17, Article 22-1 of this Code).

Footnote. Article 926 as amended by the Law of the Republic of Kazakhstan dated 12.01.2007 № 225 (shall be enforced from the day of its official publication), dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 927. The Responsibility Of Parents, Deprived Parents From Parental Rights, For The Damage Caused By Minors

To the parent, who has been deprived parental rights over their children, the court may place the responsibility for the damage, caused by his (her) young children within three years after the deprivation of parental rights, if it is determined, that the child's behavior that has caused harm was caused by the child’s improper upbringing under its parents.

Article 928. Responsibility For The Damage Caused By A Citizen, Who Is Deemed As Incompetent

1. The damage, caused by a citizen, who is deemed as incompetent (Article 26 of the Code), shall be compensated by his (her) guardian, or an organization pledged to implement supervision over him (her), unless they can prove that the damage was not their fault.

2. Responsibilities of the guardian or organization to compensate for damage, caused by the citizen deemed as incompetent, shall not stop in the case of recovery of his legal capacity.

3. If a guardian has died or does not have sufficient funds for compensation, and the incompetent citizen has such means, the court due to the property of the victim and the injurer , and other factors, in particular, restoring the capacity of the causer, is entitled to decide on compensation for damage, caused to life and health of the victim, in whole or in part from the property of the causer.

Article 929. Responsibility For The Damage Caused By A Citizen, Who Is Deemed As Having Limited Capability

The damage, caused by a citizen deemed as having limited capability due to the abuse of alcohol or drugs (Article 27 of this Code) shall be reimbursed by the citizen responsible for damages in the general procedure.

Article 930. Responsibility For The Damage Caused By A Citizen, Who Is Not Able To Understand The Significance Of Their Actions

1. A capable citizen, as well as a minor between the ages of fourteen to eighteen, who caused harm in such a state, when they could not understand the significance of their actions or control them, shall not be responsible for damage caused by them.

If the harm caused to the life or health of the victim, the court may, due to the personal property of the victim and the injurer, as well as other circumstances, obligate the injurer to compensate for damage in whole or in part.

2. Causer is not relieved from liability if he (she) brought him(her)self into such a state by consumption of alcoholic beverages, drugs, or other means.

3. If damage is caused by a person, who could not understand the significance of his (her) actions or control them due to mental illness or dementia, the duty to compensate for harm may be imposed by the court on living together with the person his (her) working spouses, parents, adult children, who are aware of the condition of the causer, but did not put the issue of recognition of incapacity, and the establishment of guardianship over him (her).

Article 931. Responsibility For The Damage Caused By A Activity, Creating Greater Danger To Others (Source High Risk)

1. Legal entities and individuals, whose activities are associated with increased risk to others (transport companies, industrial enterprises, construction sites, vehicle owners, etc.) are required to compensate the damage caused by the source of danger, unless it is proved that the damage was due to force majeure or intent the victim.

The duty on compensation of damages is imposed to a legal entity or citizen, who possesses a source of high danger on the right of property, the right of economic management or operational control, or on any other legal grounds (tenancy agreement, power of attorney to the vehicle control, by order of the competent authority of transfer of power, etc.).

2. Owners of sources of high danger are jointly and severally liable for the damage caused by the interaction of sources (vehicle collisions, etc.) to third parties on the grounds provided by paragraph 1 of this Article.

The damage, caused by the interaction of sources of increased danger to their owners shall be compensated on the same basis. In this case:

1) damage caused by the fault of one party shall be reimbursed in full by that party;

2) the damage caused by the fault of the two or more parties shall be compensated in proportion to the degree of fault of each.

If it is impossible to determine the degree of fault of each party, the responsibility shall be shared between them equally.

None of the parties has the right to demand compensation without fault of the parties in causing harm. Each party in such a case bears the risk of incurred losses.

3. The owner of an entity that can be of high danger is not responsible for damage caused by this source, if he (she) proves that the this entity is not in his possession as a result of wrongful acts of others. In such cases, the liability for damage, caused by a source of increased danger shall be the persons, who have illegally taken possession of the entity. In case of fault of the owner in the wrongful seizure of his (her) possession of the source of increased danger, liability may be imposed either on the owner and to persons have seized the dangerous entity.

Article 932. Responsibility For The Cooperative Caused Harm

Persons, together causing harm to the victim meet jointly.

According to the statement of the victim and his or her interest, the court may impose on persons, who jointly caused harm, several liability.

Article 933. Right Of Recourse To The Person Who Caused The Harm

1. The person, who compensates for the damage caused by another person (the employee in the performance of labor (employment, official) duties, such as a person driving a vehicle as part of his employment, etc.), is entitled to counter demand (regress) to the person in the amount of the consideration payment, unless another amount is established by legislative acts.

2. Harm-doer, who has compensated the damage together, is entitled to demand a share of compensation from each of the causer, paid to the victim in an amount corresponding to the degree of fault of the causer. If it is impossible to determine the degree of fault, the shares shall be deemed as equal.

3. The state, which has compensated the damage caused by officials of the investigating agencies, prosecutors and courts (paragraph 1 of Article 923 of this Code), has the right of recourse from these persons in cases, where guilt of such persons set by a court verdict, which become effective in law.

4. The person, who compensates for harm on the grounds specified in Articles 925 - 928 of this Code shall not have recourse (recourse) to the person who caused the harm.

Article 934. Way Of Compensation Of Property Damage

Satisfying the requirements for damages, the court in accordance with the circumstances of the case, requires the person responsible for the damage, to fully compensate the loss or to compensate it in kind (to provide the same kind of thing, to fix the damaged item, etc.).

Article 935. Accounting Fault Of The Victim Or Property Status Of The Person, Who Caused Harm

1. Damage that is caused from the intent of the victim shall not be reimbursed.

2. If the gross negligence of the victim contributed to the occurrence or increased the extent of damage, and depending on the degree of fault of the victim and the harm-doer, the amount of compensation should be reduced.

3. In the case of gross negligence of the victim and absence of fault of the injurer, in cases , when his (her) liability shall be incurred regardless of fault, the amount of compensation should be reduced or compensation of damages may be refused, if the legislation provides otherwise. When there is damage to life and health of a citizen, complete refusal for compensation shall not be allowed.

4. The fault of the victim shall not be included in the reimbursement of additional costs (Article 937 of this Code), compensation for damages to persons, who have suffered damage as a result of the citizen's death (Article 940 of this Code), as well as compensation for funeral expenses (Article 946 of this Code).

5. The court may reduce the amount of compensation for damage, caused by the citizen, accounting his (her) property status, except in cases, where harm is caused by the acts, committed intentionally.

Paragraph 2. Compensation for damage to life and health of the citizen

Article 936. Compensation for damage to life and health of the citizen in the exercise of Contractual and other obligations

Damage to life and health of citizens in the exercise of contractual obligations, labor (official) duties, responsibilities of military service, shall be compensated according to the rules of this chapter if the legislative acts or the contract provides increased responsibility.

Article 937. The Amount And Nature Of Compensation For Harm Caused By The Injury To Health

1. When causing of injury to a person or his (her) health, the loss of earnings (income), which he (she) had or could definitely have, and expenses caused by the injury (for treatment, additional food, purchase of drugs, prosthetics, nursing care, spa treatment, purchase of special vehicles, training for another profession, etc.) shall be reimbursed, if it considers that the victim needs theses of assistance and care and not getting them for free.

In determining the lost earnings (income), the disability benefits, assigned to the victim due to injury or other impairment of health, and others of benefits that are assigned, both

before and after the damage to the health and pension payments shall not be counted as compensation. On account of reparation is not counted income, received by the victim after the injury to health.

3. Legislative acts or the contracts may increase the size and the amount of compensation payable to the victim in accordance with this Article.

Article 938. Definition Of Earnings (Income), Lost As A Result Of Injury To Health

1. The amount of compensation of lost earnings (income) is defined as a percentage of average monthly earnings (income) prior to injury or other harm to health or the onset of disablement, appropriate to the degree of loss to victims of occupational ability, and in the absence of it - total disability.

2. The composition of lost earnings (income) includes alls of remuneration under labor and civil contracts as in major workplace and secondary job, which are taxable by personal income tax. Lump sum payments shall not be taken into account (compensation for unused leave, dismissal compensation, etc.). Benefits, paid during the period of temporary disability and maternity leave shall be recognized. Income from business activity, as well as the author' s royalties shall be included in lost wages, and income from business activity are included on the basis of the tax authority.

Alls of earnings (income) are recognized in the amounts, assessed before tax deduction.

3. Average monthly earnings (income) is calculated by dividing the total earnings (income) for the twelve months of operation, prior to the injury to health or the onset of disability, to twelve. In the case, when the victim at the time of injury, worked less than twelve months, the average wage (income) is calculated by dividing the total amount of earnings (income) for the number of actually worked months, before damage to health, by the number of these months.

Victim's not fully worked months at his (her) request shall be changed by the previous fully worked months or excluded from the calculation, if it is impossible to replace them.

4.In the case, where the victim at the time of the injury was not working, by his (her) desire, accounting the earning, prior to dismissal or regular remuneration of the employee's of his (her) skills in this area, but not less than ten times established by the legislative acts of the monthly calculation index, shall be paid the remuneration.

5. If the earnings (income) of the victim is changed for improving his (her) property status , (increased wages for the position, transferred to a better paying job, went to work after graduation, and in other cases, where shall be proved the stability of change or the possibility to change pay to the victim) prior to injury or other damage to health, in the determination of his (her) average monthly earnings (income) shall include only the earnings (income), which he (she) has received or should have received after the appropriate changes.

6. Increasing by the employer, who is liable for the damage, the average wage of an employee of the same profession and qualification, shall be recalculated the amounts of compensation for lost earnings (income), determined by percentage to the increased average

monthly earnings (income), corresponding to the degree of loss of victims of occupational capacity and in the absence of it - total disability.

Footnote. Article 938 as amended by the Laws of the Republic of Kazakhstan dated 24.12.2001 № 276, dated 30.03.2011 № 424-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 939. Compensation Of Damage During Injury To Health Of A Person, Under The Age Of Majority

1. In the case of injury or other damage to the health of a minor, who is less than fourteen years of age (minor) and has no earnings, the persons, who are responsible for the damage is required to reimburse the costs associated with the injury.

2. Upon the victim reaching fourteen years of age, and in the case of injury to the minor at the age of fourteen to eighteen years of age, who does not have earnings (income), the persons, responsible for the damage, shall compensate the victim, in addition to expenses caused by damage to the health, the harm related with loss or reduction of his (her) ability to work, on the basis of a ten-fold established by legislative acts monthly calculation index.

If at the time of injury to health, a minor has earnings, the damage shall be compensated based on the amount of the earnings, but not less than ten times established by the legislative acts of the monthly calculation index.

After starting to work, the victim is entitled to demand increasing the compensation of damage, based on the income he (she) receives, but no lower than the fees, set by his (her) position or earnings of the employee the same qualification at his (her) place of work.

Footnote. Article 939 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 940. Compensation For Harm To Persons, Who Suffered Damage From The Death Of A Citizen

1. In the case of death of a citizen, the right to compensation shall have disabled persons, who were dependent on the deceased or had the day of his (her) death, the right to receive maintenance from him (her) and the child of the deceased, born after his death, as well as a parent, spouse or other family member, regardless of disability, who does not work and is busy taking care of the dependents of the deceased's children, grandchildren, brothers and sisters, who have not attained the age of fourteen (juvenile) or through have reached that age, but, in the opinion of medical authorities need for health in a nursing care.

2. The right to compensation has also the persons, who were dependent on the deceased citizen and become disabled for five years after his (her) death.

One parent, spouse or other family member, who is idle and busy by care of persons, specified in paragraph 1 of this Article children, grandchildren, brothers and sisters of the deceased, and became unable to work during the period of care, reserve the right to compensation after the care of these individuals.

3. Damage is compensated to: minor - until the age of eighteen; students aged eighteen years and over - until the end of study at institutions on full-time education, prior to twenty-three years, women over fifty-eight years and men over sixty-three years - for life; disabled persons - for a period of disability, one parent, spouse or other family member, who is busy by taking care of the dependents, the deceased's children, grandchildren, brothers and sisters - until they reach the age of fourteen or changing their health status.

Footnote. Article 940 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 941. The Amount Of Compensation For Harm Caused By The Death Of A Citizen

1. Persons, who are entitled to compensation for the death of a citizen, the damage shall be compensated in the amount of the share of earnings (income) of the deceased, calculated according to the rules of Article 938 of this Code, which they received or were entitled to receive on their contents during his (her) lifetime. In determining compensation for the harm to these individuals, to the income of the deceased, along with earnings included pension, permanent alimony and other similar payments, received by him (her) in the lifetime.

2.In determining the amount of compensation for injury benefits, appointed to persons on loss of breadwinner, others of benefits that are assigned, both before and after the death of the breadwinner, and income, scholarships, pensions shall not be counted.

3. The amount of compensation, designated for every person, who is entitled to compensation for damage on loss of breadwinner, shall not be recalculated, except birth after the death of breadwinner; destination (termination) of the payment of compensation to persons, who engaged in the care of children, grandchildren, brothers and sisters of the deceased breadwinner.

Legislative acts or the contract may increase the size and amount of compensation.

Article 942. Changing The Amount Of Compensation For Damage

1. The victim, who is partially-disabled, is entitled at any time to require the person, who is obligated to compensation, the corresponding increase amount of compensation, if his (her) ability to work has decreased due to the caused injury to health, in comparison with the condition, that was at the time of award of the compensation .

2. Persons, who are obligated to compensation for harm, caused to injury the health of the victim, is entitled to require a corresponding reduction the amount of compensation, if the

victim's ability to work has increased in comparison with the condition that was at the time of the award of compensation for the damage.

3. The victim has the right to demand an increase the amount of compensation for harm, if the financial situation of the citizen, who is responsible for compensation of damage improved, and the amount of compensation was reduced in accordance with paragraph 5 of Article 935 of this Code.

4. The court may, at the request of the citizen, who does harm, reduce the amount of compensation for harm, if his (her) property status due to disability or reaching retirement age deteriorated in comparison with the condition that was at the time of the award of compensation for the harm (paragraph 5 of Article 935 of this Code).

Article 943. Increase In Compensation Of Damage In Connection With An Increase In The Cost Of Living

Footnote. Title of Article 943 as amended by the Law of the Republic of Kazakhstan dated 30.03.2011 № 424-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

The amounts of compensation, paid to citizens in connection with the injury to the health or death of the victim, shall be indexed in the order established by legislative acts in the case of increasing the cost of living.

With increasing by the legal procedure a minimum wage of compensation for lost earnings (income), other fees, which are awarded in connection with the injury to health and death of the victim, shall be increased in proportion to increasing the minimum wage (Article 283 of this Code).

The amount of compensation for lost earnings (income), other fees, which awarded in connection with the injury to health or death of the victim, and payable under the contract of compulsory insurance, shall be increased in proportion to the consumer price index for the previous year.

Footnote. Article 943 as amended by the Law of the Republic of Kazakhstan dated 30.03.2011 № 424-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 944. Payments To Compensate For Damage

1. Compensation for the harm, associated with reduced disability or death of the victim, shall be paid by monthly installments.

If there are valid reasons, the court taking into account opportunities of the harm-doer may, at the request of a citizen, who is entitled to compensation, award due to him (her) payments one time, but no more than three years.

2. Charging additional costs may be made for the future within the time limits, established by the conclusion of the medical examination, and if necessary pre-payment for the services and property (purchase tickets, travel expenses, payment of special vehicles, etc.).

3. In cases, where the victim in accordance with the laws may require the termination or early fulfillment of the obligation, the requirement shall be satisfied by way of capitalization of corresponding time payments.

Article 945. Compensation In Case Of Dissolution Of Legal Entity

1. In the case of reorganization of a legal entity, which is recognized by the established procedure as responsible for the damage, caused to life and health, the responsibility for the payment of the fees shall bear his (her) successor. Special requirements for compensation of damages are imposed to it.

2. In the case of liquidation of a legal entity, which is recognized by the established procedure as responsible for the damage, caused to life and health, the corresponding payments shall be capitalized for the payment to the victim under the rules, established by legislative acts or other regulations.

3. In cases, where the capitalization of payments cannot be made due to the lack or insufficiency of the property of the liquidation of the legal entity, the awarded sums shall be paid by the State to the victim in the order established by the legislation.

4. After the period of capitalization of payments for compensation of damage, caused to life and health of the employees by the legal entities, which are liquidated due to bankruptcy, a citizen of the Republic of Kazakhstan shall be provided by monthly payments in accordance with the procedure established by the Government of the Republic of Kazakhstan.

Footnote. Article 945 as amended by the Law of the Republic of Kazakhstan dated 30.03.2011 № 424-IV (shall be enforced from 01.01.2011).

Article 946. Reimbursement Of Expenses For Funeral

The persons who are responsible for the harm, associated with the death of the victim, shall be obliged to reimburse the expenses for the burial to the person, who has borne these costs.

Funeral benefit, received by citizens, who have incurred these expenses, shall not be counted in respect of compensation for damage.

Paragraph 3. Compensation for Damage Caused as a result of Deficiencies in Goods, Works and Services

Article 947. Grounds For Compensation For Damage Caused By Deficiencies Of Goods, Works And Services

Damage to life, health or property of the person or property of a legal entity as a result of design, prescription, or other defects of the goods (works, services), as well as due to inaccurate or incomplete information on the goods (works, services) shall be reimbursed by the seller or the manufacturer (executor) regardless of their guilt, and on whether the victim was with them in a contractual relationship, or was not. This rule shall apply only in cases of purchase of goods (works, services) for consumer applications.

Article 948. Persons, Who Are Responsible For The Damage Caused By Defects Of Goods, Works And Services

1. The harm, caused by defects of the goods shall be compensated at the option of the victim by the seller or manufacturer of the goods.

2. The harm, caused by defects of the work or services shall be compensated by their executors.

3. The harm, caused as a result of failure to provide the complete or reliable information about the properties and rules of using a product (work, service) shall be compensated in accordance with the rules of paragraphs 1 and 2 of this Article.

Article 949. The Periods Of Compensation For Damages, Caused As A Result Of Defects Of The Goods, Works And Services

1. Harm, caused by defects of the goods (works, services), shall be refundable, if it is caused within the stated term of validity (service life) of goods (works, services), and if the expiry date (the service) is not set - for ten years from the date of manufacture of the goods (works, services).

2. Beyond the date, specified in paragraph 1 of this Article, the damage shall be refundable:

1) if the violation of the laws, the expiration date (the service) is not installed;

2) if the buyer (customer) is not warned about the necessary actions after the expiry date (the service) and the possible consequences for non-compliance with such actions.

Article 950. Grounds For Exemption From Liability For Damage, Caused By Defects Of The Goods, Works And Services

The seller or manufacturer of the goods, executor of works or services shall be released from liability only in cases, if they can prove that the damage was caused due to force majeure or violation by the consumer the rules for using (results of work, services) or storage of goods.

Paragraph 4. Compensation of moral damage

Article 951. Compensation Of Moral Damage

1. Moral damage refers to the violation, impairment or deprivation of personal non-property welfare and rights of individuals, including mental or physical suffering (humiliation, anger, melancholy, displeasure, shame, despair, physical pain, lameness, discomfort, etc.) experienced (suffered, experienced) by the victims on the offense, committed against him (her).

2. Moral damage shall be refundable by the instigator when the instigator was clearly guilty, except in cases, provided by paragraph 3 of this Article.

3. Moral damage shall be refundable, regardless of the fault of the causer, in the following cases:

1) damage, caused to the life and health of citizens by a source of danger;

2) damage, caused to a citizen as a result of his (her) unlawful conviction, unlawful criminal prosecution, unlawful use as a measure a preventive detention, house arrest or recognizance not to live, unlawful imposition of an administrative penalty in the form of arrest, illegal placement in a psychiatric hospital or other facility;

3) the harm, caused by the spread of information discrediting the honor, dignity and business reputation;

4) other cases stipulated by legislative acts.

4. Moral damage, caused by the actions (inaction) that violate the property rights of citizens are non-refundable, except in cases provided by legislative acts.

Footnote. Article 951 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 952. The Amount Of Compensation For Moral Damage

1. Moral damage shall be compensated in cash.

2. In determining the amount of moral damage, taking into account a subjective evaluation of gravity of moral damages caused to victims, and objective data, which are the evidence of the degree of moral and physical suffering of the victim: the vital importance of the benefits, which is the former object of abuse (life, health, honor, dignity, freedom, inviolability of home etc.), severity of the offense (the murder of close relatives, bodily injury that resulted in disability, imprisonment, loss of job or home, etc.), the nature and scope of dissemination of false information, defamatory, the living conditions of the victim (service, family, household, financial, health, age, etc.), and other relevant circumstances.

3. Moral damages shall be compensated, regardless of the reimbursable damage of the property.

Chapter 48. Obligations of Unjust Enrichment

Article 953. Obligation To Return Unjust Enrichment

1. Person (buyer), who without the legislation or transaction basis purchased or saved property (unjustly enriched) for the account of another person (the victim), shall return to the latter unjustly acquired or saved property, except the cases provided by Article 960 of this Code.

2. Duty, established by paragraph 1 of this Article, shall also be, if the basis on which the property is purchased or saved, then returned.

3. The provisions of this Chapter shall apply, regardless of whether unjust enrichment was the result of the behavior of the purchaser of the property, the victim or a third party or result of an event.

Article 954. Correlation Of Requirements For The Return Of Unjust Enrichment With Other Requirements On The Protection Of Civil Rights

Unless otherwise provided by this Code and other legislative acts, and followed from the nature of appropriate relations, the rules of this Chapter shall also apply to the requirements:

1) on the return of the executed, under an invalid transaction;

2) on the recovery of the property by the owner from the illegal possession of another person;

3) one party to another party in the obligation of return of the executed in connection with this obligation;

4) for compensation of damages, including the harm, caused by the inequitable conduct of the enriched person.

Article 955. Return Of Unjust Enrichment In Kind

1. Property, comprising the unjust enrichment of the purchaser, must be returned to the victim in kind.

2. The purchaser is responsible for all to the injured, including a random shortage or deterioration of unjustly acquired or saved property, which occurred after he (she) knew or should have known of unjust enrichment. Up to this point, he (she) is responsible only for intent and gross negligence.

Article 956. Compensation Of Value For Unjust Enrichment

1. In the case, if it is impossible to return in kind unjustly received or saved property, the purchaser must compensate the victim for the real value of the property at the time of purchase it, as well as to compensate for losses, caused by the subsequent change the value of the property, if the purchaser has not reimbursed the cost immediately after he (she) has known of the unjust enrichment.

2. A person, who temporary uses of another's property (without intention to buy it) or foreign services, must compensate the victim the property, which he (she) has saved as a

result of such use, at the price, prevailing at the time, when he (she) finished using, and in the place where it happened.

Article 957. The Consequences Of Unjustified Release Of The Transferred Right To Another Person

The person, who transferred through the assignment of a claim or otherwise his (her) right to another person on the basis of non-existent or invalid obligations, shall be entitled to require re-establishment and the return of the documents, which are certified the transferred right.

Article 958. Compensation Of Lost Income To The Injured

1. A person, who is unjustly received or saved property, shall return or compensate the victim all the revenue, which he (she) has received or should have received from this property from the time when he (she) knew or should have known of the unjust enrichment.

2. In the amount of unjust monetary enrichment is charged forfeit for using of borrowed money from the time, when the purchaser knew or should have known about unjust receipt or saving money.

Article 959. Reimbursement Of Expenses For Returnable Property

When returning unjustly received or saved property (Article 955 of this Code) or reimbursement of its value (Article 956 of this Code), the purchaser is entitled to demand compensation from the victim of the incurred necessary expenses for the maintenance and preservation of property, from the time he (she) is obliged to return the proceeds (Article 958 of this Code), by deduction of the received benefits. The right to reimbursement shall be lost, when the purchaser kept the returnable property deliberately.

Article 960. Unjust Enrichment

The property cannot be returned as unjust enrichment when:

1) the property, transferred in discharge of obligations before the time of execution, if the obligation is not provided another;

2) the property, transferred in discharge of obligations at the end of the period of limitation;

3) the amount of money and other property, provided to the citizen, in the absence of unfairness on his (her) part, as means of existence (wages, royalties, compensation for damages to life or health, pension, child support, etc.) and used by the acquirer;

4) the amount of money and other property, granted pursuant to non-existent liabilities, if the purchaser can prove that the person, who is claiming the return of property was aware of no obligation or provided property to charity.

Section 5 Intellectual property rights
Chapter 49. General provisions

Article 961. Objects Of Intellectual Property Law

1. The objects of intellectual property law are defined as:

1) the results of intellectual creative activity;

2) the means of individualization the participants of the civil turnover, goods, works or services.

2. The results of intellectual creative activity are:

1) works of science, literature and art;

2) the performance, production, phonogram and transmission of broadcasting and cable broadcasting;

3) inventions, utility models, industrial designs;

4) selection achievements;

5) integrated circuit topographies;

6) undisclosed information, including trade secrets (know-how);

7) other results of intellectual creative activity in the cases, provided by this Code or other legislative acts.

3. Means of individualization of the participants of civil turnover, goods, works and services are:

1) brand names;

2) trademark (service mark);

3) designation of origin (indication of origin);

4) other means of individualization other participants of civil turnover, goods and services in the cases, provided by this Code and other legislative acts.

Footnote. Article 961 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Article 2 of the Law).

Article 962. The Grounds Of The Rights To Intellectual Property

Rights to intellectual property arises by virtue of their creation or as a result of legal protection by the authorized state body in the cases and in the manner provided by this Code and other legislative acts.

Article 963. Personal Non-Property And Property Rights To Intellectual Property

1. To the authors of intellectual creativity belong the personal non-property and property rights which are related these results.

The personal non-property rights of the author, regardless of his (her) property rights, shall retain, in case of transfer of his (her) property rights to the results of intellectual creative activity to another person.

2. To the holders of the right to the means of individualization of participants of civil turnover, goods or services (hereinafter - the means of identification) belong the property rights, related with these resources.

3. Right of the author for the results of intellectual creative activity (copyright) is a private non-property right and belongs only to the person, whose creative work created the result of intellectual creativity.

The right of authorship is inalienable and non-transferable.

If the result is created by jointly work of two or more persons, they are considered as co-authors. For certain objects of intellectual property, legislation may limit the persons, who are considered as co-authors of work as a whole.

Article 964. Exclusive Rights To The Objects Of Intellectual Property

1. The property right of the owner to use an object of intellectual property in any way as they see fit are recognized as exclusive rights to results of intellectual creative activity or means of individualization.

Using the object of exclusive rights by other persons shall be with the consent of the holder.

2. Owner of the exclusive rights to intellectual property is entitled to transfer this right to another person in whole or in part, permit to use an object of intellectual property and dispose of it in any other way, unless it is contrary to the rules of this Code and other legislative acts.

3. Limitations of exclusive rights, the recognition of these rights invalid and their termination (cancellation) is permitted only within the procedure prescribed by this Code and other legislative acts.

Article 965. Transition Of The Exclusive Rights To Another Person

1. Exclusive rights to intellectual property, unless another is provided by this Code or other laws, can be transferred by their owners whole or partly under the contract to another person, and pass into way of universal succession by inheritance, and as a result of reorganization of legal entity-owner.

Transfer of exclusive rights shall not restrict the right of authorship and other non-property rights. Terms of the contract on transfer or limitation of such rights are not valid .

2. To the contract, which is providing the exclusive rights during its validity to another person for a limited period shall be applied the rules of the license agreement (Article 966 of this Code).

Article 966. License Agreement

1. Under a licensing agreement, the party who is owner of the exclusive rights to the results of intellectual creative activity or means of individualization (licensor), grants the other party (the licensee) the right to temporarily use the appropriate object of intellectual property in a certain way.

The license agreement is refundable.

2. License agreement may include the provision of a licensee with:

1) the right to use the intellectual property with saving to the licensor the possibility to use it and the right to grant license to third parties (a simple, non-exclusive license);

2) the right to use the intellectual property with saving to the licensor the possibility to use it, but without the right to grant license to third parties (exclusive license);

3) other conditions for use of intellectual property, which do not contradict to the legislative acts.

If the license agreement does not provide otherwise, the license is simple (non-exclusive).

3. Agreement, where the licensee grants the right to use the intellectual property to another person is recognized as the sublicense agreement. The licensee is entitled to conclude a sub-license agreement only in the cases stipulated by the license agreement.

The licensee shall be responsible to the licensor for the actions of sub-licensee, unless the licensing agreement provides otherwise.

Article 967. An Agreement On The Creation And Use The Results Of Intellectual Creative Activity

1. The author can accept contractual obligation to create the work, invention, or other results of intellectual creative activity and provide to the customer, who is not his (her) employer, the exclusive rights to use it.

2. The contract, provided in paragraph 1 of this Article, shall determine the nature of the result, which shall be the creation of intellectual creative activity, as well as purposes or methods of its use.

3. Terms of the contract, which are limiting the right of the author to create the results of intellectual creative activity of a certain or in a particular area are not valid.

Article 968. Exclusive Right And Right Of Property

Exclusive rights to the results of intellectual creative activity or means of individualization, exist independently of the ownership right to the material object, in which such a result or means of individualization are expressed.

Article 969. Period Of Exclusive Rights

1. The exclusive right to intellectual property shall be valid for the period provided by this Code or other laws.

Legislation may provide the extension of such period.

2. Personal non-property rights to the results of intellectual creative activity shall be valid for indefinite period.

3. In cases stipulated by legislative acts, the action of the exclusive right may be terminated due to non-use of it over time.

Article 970. Ways To Protect The Exclusive Rights

1. Protection of exclusive rights provided by Article 9 of this Code. Protection of exclusive rights can be made also by:

1) removal of material objects, in which the exclusive rights are violated, and the material objects, created as a result of such violation;

2) the mandatory publication of committed violation, including the information about the owner of the infringed right;

3) other means provided by the legislative acts.

2. In breaching of contracts on the use of the results of intellectual creative activity and means of individualization shall be applied the general rules on liability for breach of obligations (Chapter 20 of this Code).

Chapter 50. Copyright law

Article 971. Copyrighted Works (Subject Matter Of Copyright)

1. Copyright applies to works of science, literature and art, which are the result of creative activity, regardless of their purpose, content, and dignity, and the mode or form of their expression.

2. Copyright applies to both published (published, released, published, publicly performed , publicly displayed), and the unpublished works, which are existing in an objective form:

1) written (manuscript,written text, musical score, etc.);

2) oral (public pronouncing, public performance, etc.);

3) sound or video recording (mechanical, digital, magnetic, optical, etc.);

4) image (drawing, design, painting, plan, scheme, film, television, video, or photo frame, etc.);

5) three-dimensional (sculpture, model, layout, construction, etc.);

6) other forms.

3. The part of the work (including its title, the names of the characters), which has the characteristics specified in paragraph 1 of this Article, and can be used alone, is the subject matter of copyright.

4. Copyright does not apply to their own ideas, concepts, principles, methods, systems, processes, discoveries and facts.

Footnote. Article 971 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Article 972.s Of Copyright Objects

1. Objects of copyright are:

1) literary works;

2) dramatic, musical and dramatic works;

3) scenario;

4) works of choreography and pantomime;

5) musical works, with or without words;

6) audio-visual works;

7) works of painting, sculpture, graphics and other works of fine art;

8) works of applied art;

9) works of architecture, urban construction and landscape architecture;

10) photographic works and works, produced by processes analogous to photography;

11) maps, plans, design, illustrations and three-dimensional works relative to geography, topography and other sciences;

12) computer programs;

13) other works.

2. Protection computer programs available for alls of software (including operating systems), which can be expressed in any language, in any form, including source text and object code.

3. The objects of copyright shall also include:

1) derivative works (translations, adaptations, annotations, reports, curriculum vitae, reviews, dramatizations, musical arrangements and other transformations of works of science, literature and art);

2) collections (encyclopedias, anthologies, databases) and other composite works, representing by selection and (or) location of materials the result of creative work.

Derivative and composite works are protected by copyright, regardless of whether the objects of copyright are the works on which they are based, or they include.

Footnote. Article 972 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Article 973. The Legal Regulation Of Copyright Relations

Copyright relations are regulated by this Code and other legislative acts on copyright and neighboring rights, and in the cases provided by them by other legislative acts.

Article 974. Works, That Are Not Objects Of Copyright

Works, that are not subjects of copyright:

1) official documents (laws, court decisions, other texts of legislative, administrative, judicial or diplomatic nature), and their official translations;

2) state symbols and signs (flags, emblems, orders, banknotes, and other State symbols and signs);

3) works of folk art;

4) reports on events and facts, that have informational character are not the objects of copyright.

Article 975. Rights To Drafts Of Official Documents State Symbols And Signs

1. Copyright for drafts of official documents, state symbols and signs belongs to the person, who created the project (the developer).

Project developers of official documents, symbols and signs are entitled to publish such projects, if it is not prohibited by the body, on behalf of which carried out the development. When publishing the project, developers may give their name.

2. The project can be used by the competent authority for the preparation of an official document without the consent of the developer, if the project has been published by the author or sent by him (her) to the appropriate authority.

In the preparation of official documents, state symbols or signs on the basis of a project, it can be made additions and changes at the discretion of the authority, conducting the preparation of an official document, the state symbol or sign.

3. After the adoption of the draft by the competent authority, it can be used without the name of the developer, and without payment of royalties.

Footnote. Article 975 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Article 976. Copyright Symbol

1. Owner of the exclusive copyright may for claiming his (her) rights use the copyright sign, which is placed on each copy of the work, and consists of three elements:

1) the letter "C" in a circle;

2) the name of the holder of the exclusive rights;

3) the year of first publication of the work.

2. Unless proved otherwise, the holder of the exclusive copyright shall be the person, who designated in the sign of protection.

Article 977. Personal Non-Property Rights Of The Author

1. The author of the work has the following non-property rights:

1) the right to be recognized as the author of the work and to require such recognition in use, eliminating attribution of others to the same work (copyright);

2) the right to use the work under his (her) own name, under a pseudonym or anonymously (right of author's name);

3) the right to make changes or additions to his (her) work and to protection of the work, including its name, from making by anyone without the consent of the author the changes and additions in the publication, public performance or other use of the work (the right to inviolability of the work).

Providing the author's work in the publication with the illustrations, forewords, afterword, comments or any explanations, without the author's consent is prohibited.

After his (her) death, protecting the inviolability of the work is carried out by the person, who named in the will, and in the absence of such instructions by heirs of the author, and the persons, who in accordance with the laws obligated to the protection of copyrights;

4) the right to access to the work to the general public (right of disclosure), except for works, created in the performance of official duties or duty assignment of the employer.

2. The author has the right to reject an earlier decision to disclose the work (right of withdrawal), in condition to compensate to the user damages, caused by such decision, including lost profits. If the work has already been disclosed, the author is required to give public notice about his (her) revocation. However, he (she) is entitled to withdraw from circulation earlier produced copies of the work at his (her) own expense.

This paragraph shall not apply to service work.

3. Author's agreement with any person or his (her) refusal to exercise the moral rights are invalid.

Footnote. Article 977 as amended by the Law of the Republic of Kazakhstan dated 12.01.2012 № 537-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 978. Property Rights Of The Author

1. The author shall have the exclusive right to use the work in any form or by any means.

2. When using the work, the author has the right to authorize or prohibit any third party to perform the following steps:

1) to copy the work (copyright);

2) broadcast the original or copies of the work by any means: sell, modify, rent (lease), perform other operations, including open information and communication network (right of broadcast);

3) display the work in public (right of public display);

4) perform the work in public (right of public performance);

5) the public communication of the work for general public, including on air or on cable (right of public communication);

6) to transfer the work to air (broadcast on radio and television), including broadcast via cable or satellite (right of communication to the air);

7) translation of the work (the right of translation);

8) adaptation, arrangement or other process of the work (right of adaptation);

9) practically implement urban planning, architecture, design project;

10) exercise other actions, which are not contradict legislation.

3. Playback is repeated attachment to the work an objective form, which it had in the original (publication of the work, copying audio or video recordings, etc.).

4. If copies of a lawfully published work have been put into civil circulation by means of sale, their subsequent distribution without the author's consent and without payment of remuneration, except for cases stipulated by legislative acts of the Republic of Kazakhstan is valid.

5. The product is used, regardless of whether it is sold for the purpose of generating income or its implementation was not designed for it.

6. The practical application of the provisions, that form the content of the work (inventions, other technical, economic, organizational, etc. solutions), does not make use of the work in terms of copyright.

Footnote. Article 978 as amended by the Laws of the Republic of Kazakhstan dated 22.11.2005 № 90 (the order of enforcement see Art. 2 of the Law), dated 12.01.2012 № 537-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 979. Deposition Of Works

1. The deposit of manuscripts of works, other works on a physical medium, including the engine, is recognized as using the product, if such deposit made ??in the open for everyone's access repository (depository) and allows to obtain by the contract with the depositary the copy of a work by any person.

2. Deposit of the work is made on the basis of the contract between the holder and depositary, which is set the conditions for its use. Such a contract and the contract with the user of depositary are public (Article 387 of this Code).

Article 980. Action Of The Copyright In The Territory Of The Republic Of Kazakhstan

1. Copyright to the work, which is for the first time published in the Republic of Kazakhstan or is not ??published, but the original of which is in its territory in an any objective form, acts in the territory of the Republic of Kazakhstan. In this case, the copyright is recognized to the author and (or) his (her) heirs, as well as other legal successors of the author, regardless of their nationality.

2. Copyright is also recognized for the citizens of the Republic of Kazakhstan, as well as their successors, even if the work of whom is published for the first time, or are in any objective form on the territory of a foreign state.

3. In providing protection of the copyright, to the holder in accordance with international contracts the fact of publication the work in the territory of a foreign state shall be determined under the provisions of the corresponding international contract.

4. In order to protect the work in the territory of the Republic of Kazakhstan, the author of the work is determined by the laws of the state, where the work was first protected.

Article 981. Copyright Start

Copyright to the work starts from the moment of giving the work an objective form, accessible to the perception of third parties, regardless of its publication. Copyright to the verbal work shall act from its notification to third parties.

If the work is not covered by Article 980 of this Code, the copyright in a work is protected from the first publication of the work, if it is carried out in the Republic of Kazakhstan.

Article 982. Duration Of Copyright

1. Copyright is valid for the life of the author and seventy years after his (her) death, as from the first of January of the year, following the year of death of the author.

2. Copyright in a work of joint authorship, is valid for the life of co-authors and seventy years after the death of the last of the authors, who is surviving co-author.

3. Copyright to the work, which is first published under a pseudonym or anonymously, is valid for seventy years from the first of January of the year following the year of publication of the work.

If within that time an anonymous or pseudonym shall be disclosed, is operating the time prescribed by paragraph 1 of this Article.

4. During the time, specified in paragraph 1 of this Article, the copyright belongs to the author's heirs and inherited, and belongs successor, who is entitled under the contract with the author, his (her) heirs and followed successors.

5. Copyright to the work, which is first published over thirty years after the author’s death , shall be valid for seventy years after its release to the public, as from the first of January of the year, following the year of publication of the work.

6. Authorship, the author's name and integrity of the work shall be protected termless.

Footnote. Article 982 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Article 983. Transition Of The Work To The Public Domain

1. After expiration of the copyright to the work, it becomes public domain.

2. Works in the public domain may be freely used by any person, without payment of royalties. The right of authorship, the right of author's name and the right to integrity of the work should be respected.

Footnote. Article 983 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Article 984. Management Of Copyright

1. The right holder may exercise his (her) rights individually, at his (her) own discretion. Other persons may manage copyright only with the consent of the right holder and the granted to him (her) powers, except the rights provided by Article 977 of this Code, when an authorized agent is the legal representative.

2. In order, established by the legislative acts, the owners of copyright and related rights can create organizations, that are entrusted with the operation of copyright and related rights.

Chapter 51. Neighboring (Related) Rights

Article 985. OBJECTS of RELATED RIGHTS

Neighboring rights apply to productions, performances, phonograms, programs of broadcasting and cable distribution, regardless of the purpose, contents and value, as well as the mode or form of its expression.

Article 986. Subjects Of Neighboring Rights

1. The subjects of neighboring rights are performers, phonogram producers and air and cable broadcasters.

2. Phonogram producers, air and cable broadcasters, exercise the rights, provided by this Chapter, within the rights under the contract with the artist and author of the recorded on the phonogram, or broadcast or by cable.

3. Performer shall exercise the rights, provided by this Chapter, in respect of rights of the authors of executable work.

4. The formation and execution of neighboring rights do not need to register works or to comply with any other formal requirements.

5. Producer of Phonograms and (or) the performer for announcement their rights are entitled to use a sign of protection of neighboring rights, that are placed on each copy of a fixed performance, phonogram, and (or) on each box containing it, and consists of three elements:

1) the letter "P" in a circle;

2) the name of the holder of the exclusive rights;

3) the year of first publication of record of performances and phonograms.

6. Unless proves otherwise, the phonogram producer shall be an individual or legal entity, and its name is indicated on the soundtrack, and (or) the case containing it.

Footnote. Article 986 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Article 987. Action Of Neighboring Rights

1. Right of the performer to the performance, which is the first time took place in the territory of the Republic of Kazakhstan, shall act in the territory of the Republic of Kazakhstan. In this case, the right is recognized for the performer and his (her) heirs, as well as other legal successors of the performer, regardless of nationality.

Right of the performer is also recognized for him (her) and his (her) successors in cases, where the performance was first performed in a foreign country.

2. Rights of producers of phonograms act in the territory of the Republic of Kazakhstan, if this record for was performed in public or copies distributed in public for the first time in the Republic of Kazakhstan.

Rights of producers of phonograms are also recognized for the citizens of the Republic of Kazakhstan or legal entities, which have their place of residence or place of stay in the territory of the Republic of Kazakhstan.

3. The rights of air or cable broadcaster are recognized for them in case, when the organization is officially located in the territory of the Republic of Kazakhstan and broadcasts from transmitters located in the territory the Republic of Kazakhstan.

4. Rights of other foreign performers, phonogram producers, air and cable broadcasters are protected in the Republic of Kazakhstan in accordance with the international treaties, ratified by the Republic of Kazakhstan.

Footnote. Article 987 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Article 988. Regulation Of Rights Of Subjects Of Neighboring Rights

The scope and content of exclusive rights and other rights of the performer, phonogram producer, air and cable broadcasters, as well as cases and to the extent of the exclusive rights restrictions, specified subjects and liability for violations are governed by legislative acts.

Footnote. Article 988 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Article 989. Term Of Neighboring Rights

1. Neighboring rights in respect of the performer shall act for seventy years after the first execution or performance. Performer's rights to the name and for protection of execution or performance from distortion shall be protected indefinitely.

2. Neighboring rights in respect of the phonogram producer shall act for seventy years after the first publication of the phonogram or over seventy years after its first recording, if the phonogram has not been published during this period.

3. Neighboring rights to the broadcasting organization shall act within seventy years after the first broadcast.

4. Neighboring rights to the cable casting organization shall act within seventy years after the first cable transmission.

5. Calculation of periods of time, provided by paragraphs 1-4 of this Article, begins from the first January of the year, following the year when was the legal fact, which is base for beginning of the period.

Footnote. Article 989 as amended by the Law of the Republic dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Article 990. Rights Of Performers, Phonogram Producers, Air And Cable Broadcasters, Who Are Foreign Nationals Or Foreign Legal Entities

The rights of performers, phonogram producers, air and cable broadcasters, who are foreign nationals or foreign entities, if they carry first production, performance, recording or broadcast outside of the Republic of Kazakhstan, shall act in its territory in accordance with international treaties, ratified by the Republic of Kazakhstan.

Footnote. Article 990 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Chapter 52. The Right to an Invention, Utility Model, Industrial Design

Article 991. Terms Of Legal Protection Of An Invention, Utility Model, Industrial Design

1. Rights to an invention are protected by an innovation patent or patent, and to an utility model and industrial design by patent.

2. An invention is given legal protection and recognized a technical solution, when it has an inventive step and industrial applications.

3. A utility model is granted legal protection and recognized as improving the means of production and consumer goods when it is new and industrially applicable.

4. As an industrial design, which is granted legal protection, is recognized art and design solution of the product that defines its appearance and is new and original.

5. Requirements for invention, utility model, industrial design, and in accordance with them the right to receive a patent and patent innovation, and the procedure of issuing it by authorized state body (hereinafter - the patent body (organization) is established by legislative act.

6. The list of non-patentable technical solutions, constructive performance of production means and consumer goods, art and design solutions of products is determined by legislative acts.

Footnote. Article 991 as amended by the Law of the Republic of Kazakhstan dated 02.03.2007 № 237 (shall be enforced from the day of its official publication), dated 12.01.2012 № 537-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 992. The Right To Use The Invention, Models And Industrial Design

1. The patent holder has the exclusive right to use at his (her) discretion a r patent invention, utility model, industrial design, including the right to produce a product with the use of secure solutions, apply protected by innovation patent or patent technological processes in own manufacture, sell or offer for sale the products, containing secure solutions, and import the appropriate product.

2. Other persons are not entitled to use the invention, utility model, industrial design without the permission of the patent owner, except in cases, where such use in accordance with this Code or other legislation does not violate the rights of the patent holder.

3. Unauthorized manufacture, use, import, offer for sale, sale, other introduction into civil circulation or storage for this purpose the product, which is manufactured with the use of a patented invention, utility model or industrial design, and the use of a process, protected by the innovation patent or patent an invention, or the introduction into civil circulation or storage for this purpose the product, which is manufactured directly by a process, protected by an innovation patent or patent to invention are recognized as a violation of the exclusive rights of the patent holder.

The product is recognized as manufactured by a patented process, unless it is proved otherwise.

Footnote. Article 992 as amended by the Law of the Republic of Kazakhstan dated March 2, 2007 № 237 (shall be enforced from the day of its official publication).

Article 993. Disposal Of Right To Patent And Innovate Patent

The right to obtain a patent and innovation patent, rights arising from the registration of the application, the right to ownership of patents and innovation patents, and rights arising from the patent and innovation patent may be transferred in whole or in part to another person .

Footnote. Article 993 as amended by the Law of the Republic of Kazakhstan dated March 2, 2007 № 237 (shall be enforced from the day of its official publication.)

Article 994. The Right Of Authorship

1. Author of an invention, utility model or industrial design shall have the right of authorship and the right to assign the invention, utility model, industrial design a special name .

2. The right of authorship and other personal rights to inventions, utility models, industrial designs arise from the moment of rights, based on the title of protection.

3. To the author of the invention, utility model and industrial design, legislative acts may allocate special rights, privileges and benefits of a social nature.

4. The person, who is named in the application as the author, is considered the author, until it is proved otherwise. Only the facts and circumstances, existed before the law may be involved as evidence.

Footnote. Article 994 as amended by the Law of the Republic of Kazakhstan dated March 2, 2007 № 237 (shall be enforced from the day of its official publication).

Article 995. Co-Authors Of The Invention, Utility Model, Industrial Design

1. Relationships of co-authors of the invention, utility model and industrial design are determined by agreement between them.

2. Uncreative promotion to the creation of an invention, utility model or industrial design (technical, organizational or other assistance, assistance to registration of rights, etc.) does not lead to co-authorship.

Article 996. Service Inventions, Utility Model, Industrial Design

The right to an innovation patent, invention patent, utility model, industrial design, created by an employee in the performance of his (her) duties or specific tasks of the employer (employee's invention), belongs to the employer, unless otherwise provided by the contract between them.

Footnote. Article 996 as amended by the Law of the Republic of Kazakhstan dated March 2, 2007 № 237 (shall be enforced from the day of its official publication).

Article 997. Author’s Right To Compensation For Service Invention, Utility Model, Industrial Design

The amount, terms and manner of payment the compensation payable to the author for service invention, utility model, industrial design are determined by agreement between him (her) and the employer. If the parties do not agree, the decision shall be taken by the court. If it is impossible to proportionate the author's and the employer’s contribution in creating invention, utility model or industrial design, the author recognizes the right to half of the benefit, which the employer received or should have received.

Article 998. Action Of Innovation Patent And Patent In The Territory Of The Republic Of Kazakhstan

1. The innovative patent, invention patent, patent to utility model and industrial design are valid in the territory of the Republic of Kazakhstan, which are issued by an authorized body.

2. Patents, which are issued in a foreign country or an international organization, are valid in the territory of the Republic of Kazakhstan, in the cases stipulated by international treaties of the Republic of Kazakhstan.

3. Foreign citizens and foreign legal entities or their heirs are entitled to get innovation patent, invention patent, and patent for utility model and industrial design in the Republic of Kazakhstan, if the solution applied for meets the requirements of the legislative acts of the Republic of Kazakhstan on inventions, utility models or industrial designs.

Footnote. Article 998 as amended by the Law of the Republic of Kazakhstan dated March 2, 2007 № 237 (shall be enforced from the day of its official publication).

Article 999. Term Of Innovation Patent And Patent

1. Innovation patent and patent are valid from the date of filing an application to the patent authority (organization) and remain in force, subject to compliance with the requirements, established by the legislative acts:

1) innovative patent for an invention is in three years with a possible extension of the term by the patent authority (organization) at the request of the patent owner no more than two years;

2) a patent for invention is for twenty years;

3) utility model patent is for five years with a possible extension of the term by the patent authority (organization) at the request of the patent owner no more than three years;

4) *(Is excluded - dated March 2, 2007 № 237)*

5) industrial design patent is for fifteen years with a possible extension of the term by the patent authority (organization) at the request of the patent owner no more than five years.

2. Protection of an invention, utility model, industrial design is valid from the date of filing an application to the patent body (organization). Protection of the rights can be made after the issue of innovation patent or patent. In case of refusal to grant a patent or innovation patent, the protection shall not appear.

3. Priority of invention, utility model, industrial design is defined in the order established by the legislative acts.

Footnote. Article 999 as amended by the Laws of the Republic of Kazakhstan dated 02.03.2007 № 237 (shall be enforced from the day of its official publication), dated 12.01.2012 № 537-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 1000. Contract On The Transfer Of Patent Rights

Contracts on assignment of rights to innovation patents and patents, as well as the assignment of the innovation patent and patent, must be concluded ??in writing and registered in the patent body (the organization). Failure to comply with the written form or registration requirements invalidated the contract.

Footnote. Article 1000 as amended by the Law of the Republic of Kazakhstan dated March 2, 2007 № 237 (shall be enforced from the day of its official publication.)

Article 1001. The License Agreement For Use The Invention, Utility Model, Industrial Design

1. License agreement and sub-license agreement to use the invention, utility model and industrial design are concluded in writing and must be registered in the patent body (the organization). Failure to comply with the written form or registration requirement is invalidated the contract.

2. The content of the license agreement must comply with the requirements, stipulated by Article 966 of this Code.

Article 1002. Open License

1. A patent owner may submit to the patent body (organization) an application for granting to any person the right to obtain a license to use the invention, utility model or industrial design (open license).

2. A person, wishing to use an open license, shall conclude an agreement with the patent holder on payments. Disputes on the terms of the contract shall be resolved in court.

An application of the patent owner to grant the right to an open license is irrevocable.

Article 1003. Liability For Violation Of Innovation Patent And Patent

At the request of patent holder infringement for innovation patent and patent must be stopped, and the infringer shall compensate the losses to the patent holder (Article 9 of this Code). Instead of incurred damages, the patent holder may recover from the offender income, which he (she) received as a result of improper use of the invention, utility model and industrial design.

Footnote. Article 1003 as amended by the Law of the Republic of Kazakhstan dated March 2, 2007 № 237 (shall be enforced from the day of its official publication).

Article 1004. Right Of Prior Use

1. Any person, who before the priority date of the invention, utility model, industrial design faithfully used in the territory the Republic of Kazakhstan the identic decision, created independently from the author or made ??the necessary preparations, is entitled to use it free of charge without the extension of usage scale.

2. A person, who in good faith began to exploit the invention, utility model, industrial design after the priority date, but before the official publication of the grant of a patent or innovation patent for invention, utility model, industrial design, shall at the request of the patent owner stop further use. However, such a person is not required to compensate the patent owner incurred damages, as a result of such use.

Footnote. Article 1004 as amended by the Law of the Republic of Kazakhstan dated March 2, 2007 № 237 (shall be enforced from the day of its official publication).

Article 1005. Restriction Of Rights Of The Patent Holder

The grounds for limiting the rights of the patent holder, the conditions for termination (cancellation) the patent, its invalidation, termination, and compulsory licensing and expropriation of patent are established by legislative acts.

Chapter 53. Rights for selection achievements

Article 1006. Conditions For The Protection Of Rights To New Varieties Of Plants And New Breeds Of Animals

1. Rights to new plant varieties and new breeds of animals (breeding achievements) are protected under the condition of patent issue. Patent certifies the exclusive right of the patent owner to use the selection achievement, its priority, and the authorship of the breeder.

Plant cultivar, which is produced synthetically or by selecting and having one or more economic features that distinguish it from existing plant varieties is recognized as a selection achievement.

A breed is defined as the integrated numerous group of animals of common origin, created by man and has a genealogical structure and properties that allow to distinguish it from other kinds of animals of the same species. When these distinguishing features are quantitatively sufficient to allow for multiplication of the same breed, this is recognized as selection achievement in livestock.

2. Legal protection of selection achievements, policies and granting patents on plant varieties and animal breeds are established by legislative acts.

3. To the relations of the selection rights and protection of these rights shall be applied the rules of Articles 992-998, 1000-1004 of this Code, unless the rules of this Chapter, and legislation for the protection of selection achievements provides another.

Footnote. Article 1006 as amended by the Law of the Republic of Kazakhstan dated November 22, 2005 № 90 (the order of enforcement see Art. 2 of the Law).

Article 1007. The Author's Right To Name Of The Selection Achievement

1. The author of selection achievement is entitled to determine its name, which must meet the requirements established by law.

2. When production, reproduction, offering for sale, selling, and others of marketing of the protected breeding achievements, using of their registered names is obligatory. Assignment for produced and (or) sold seeds, breeding material the names, which are different from the registered, is not allowed.

3. Assignment the names of registered selection achievements, to produced and (or) sold seeds, and breeding material, which are not related with them, violates the rights of the patent owner and breeder.

Article 1008. Rights Of The Author Of The Selection Achievement To Reward

1. The author of the selection achievement, who is not the patent holder, is entitled to receive royalties from the patent holder for the use of a selection achievement during the term of the patent.

2. The amount and terms of payment of remuneration to the author of the selection achievement is determined by the contract between him (her) and the patent owner. The amount of compensation shall not be less than five percent of the total annual income, received by patent holder for the use of the selection achievement, including the proceeds from the sale of license.

Remuneration shall be paid to the author within six months after the expiration of each year, in which a selection achievement used, unless the contract between author and the patent owner provides another.

Article 1009. Rights Of The Patent Holder To The Selection Achievement

Patent holder of the selection achievement shall have the exclusive right to use this achievement within the limits, established by the legislative acts on the Protection of Selection Achievements.

Article 1010. Duties Of Patent Holder

The patent holder of a selection achievement shall:

1) enter into circulation variety or breed, accepted for use in manufacture;

2) maintain appropriate plant variety or appropriate breed of animals for the term of the patent, preserving the signs, specified in the official description of the variety or breed, established by expert body.

Article 1011. Term Of The Patent For A Selection Achievement

The effect of a patent for a selection achievement begins on the date of filing an application the patent body (organization) and lasts for twenty five years.

Legislative acts on selection achievements can be set longer term of a patent for certains of selection achievements, and the possibility of extending it by the patent body (organization).

Article 1012. Permission To Use The Selection Achievements

1. Selection achievements, which provided legal protection (a patent), and its details are included in the State Register of breeding achievements, permitted to use in the production are allowed to use.

2. The inclusion of plant varieties and animal breeds in the State Register of breeding achievements, permitted for use in the production, is carried out by the State body on examination and testing of selection achievements by the results of the state tests for serviceability.

Chapter 54. Rights to Integrated Circuit Topographies

Article 1013. Conditions For The Protection Of Rights Of The Integrated Circuit Topographies

1. Legal protection, provided by this Chapter and other legislative acts shall apply only to the original integrated circuits.

As original topology of an integrated circuit, the result of creative activity of the author is recognized and inscribed on a tangible medium the spatial geometric layout of all the elements of the integrated circuit and the connections between them.

2. Legal protection provided by Articles of this chapter, shall not apply to ideas, methods, systems, technology, or coded information, which may be embodied in the topology.

3. To the relations of the right to integrated circuits and protection of these rights, respectively shall apply the rules of Articles 994-997 of this Code.

Article 1014. The Exclusive Right To Topology Of Integrated Circuit

1. The author or other holder of the topology of an integrated circuit has the exclusive right to use this topology at his (her) own discretion, in particular, by manufacturing an integrated circuit with the topology, including the right to prohibit the use of this topology to others without permission.

2. Exercising the rights that belong to several authors of topology or other right holders is determined by the contract between them.

3. Violation of the exclusive rights, is committing without permission the following:

1) the copy of the topology in whole or in part, by incorporating it to an integrated circuit or otherwise, except for the part, which is not original;

2) the use, importation, offer for sale, sale or any other form of traffic of topology or an integrated circuit with this topology.

4. Legislative acts set list of actions, which is not a violation of the exclusive rights of the holder of topography rights.

Article 1015. Registration Of Topologies

1. The author of an integrated circuit or other right holder is entitled to register topology by applying for registration to the Authorized State body.

2. The application for registration can be performed within a period, which is not exceeding two years from the date of first use of the topography, if it took place.

3. Procedure for registration of topologies, and agreements on full or partial assignment of rights to them, are established by legislative acts.

Article 1016. The Term Of The Exclusive Right To Use The Topology

1. The exclusive right to use the topology is valid for ten years from the date of registration of the topology.

If registration of topology is not performed, specified ten years period counts from the date of first documented use the topology or an integrated circuit with this topology in any country of the world.

2. Appearance of identical original topology, created by another author shall not interrupt or terminate the period of exclusive rights, specified in paragraph 1 of this Article.

Chapter 55. The Right to Protection of Undisclosed Information from Illegal Use

Article 1017. Legal Protection Of Undisclosed Information

1. A person, who lawfully possesses technical, organizational or commercial information, including trade secrets (know-how), which is unknown to a third party (undisclosed information), is entitled to the protection of this information from illegal use, if the conditions established in paragraph 1 of Article 126 of this Code are kept.

2. The right to protection of undisclosed information from illegal use occurs independently of execution any formality in respect of that information (its registration, certificates, etc.).

3. Rules on the protection of undisclosed information shall not apply to information that, in accordance with the laws may not be proprietary or trade secret (information about legal entities, the rights to property and transactions with it, the information, submitted in the form of statistical and other).

4. The right to protection of undisclosed information lasts until the conditions specified in paragraph 1 of Article 126 of this Code are kept.

Footnote. Article 1017 as amended by the Law of the Republic of Kazakhstan dated 19.03.2010 № 258-IV.

Article 1018. Liability For Unlawful Use Of The Undisclosed Information

1. A person, who without legal justification receives or distributes undisclosed information or uses it, shall compensate the person, who lawfully possesses this information, for the damages caused by its illegal use.

2. If a person, who illegally uses undisclosed information, received from a person, who has no right to distribute it, and the purchaser of information did not know or should have known it (bona fide purchaser), the lawful owner of undisclosed information is entitled to require him (her) the damages, caused by the use of undisclosed information, after an innocent purchaser learned that his (her) use is illegal.

3. A person, who lawfully possesses undisclosed information, is entitled to require the person, who is using it illegally, the immediate cessation of its use. However, the court, taking into account the resources, used by an innocent purchaser of undisclosed information on its use, may permit its further use under a reimbursable exclusive license.

4. A person, who independently and lawfully received information, which is comprising a content of undisclosed information, is entitled to use this information, regardless of the holder ’s rights on relevant undisclosed information, and shall not be responsible to him (her) for such use.

Article 1019. Transfer Of The Right To Protection Of Undisclosed Information From Illegal Use

1. A person, who possesses undisclosed information may transfer all or part of the information, constituting the content of the information to another person under a license agreement (Article 966 of this Code).

2. The licensee shall take appropriate measures to protect the confidentiality of the information, received under the contract and shall have the same right to protect it from illegal use of third parties, as the licensor. If the contract is not provided another, the obligation to maintain the confidentiality of information bears to the licensee after the termination of the license agreement, if the relevant information remains undisclosed.

Chapter 56. Means of Individualization for Participants of Civil Circulation, Goods and Services

Paragraph 1. Trade name

Article 1020. The Right To A Company Name

1. A legal entity shall have the exclusive right to use the trade name (Article 38 of this Code) in the official forms, publications, advertising, signs, brochures, invoices, on websites, on goods and their packaging, and in other cases, necessary for the individualization of a legal entity.

2. The trade name of a legal entity shall be determined by the approval of its statutes. Under a certain brand name the entity shall be included in the State Register of Legal Entities.

3. The use of the company name, similar to the company name, which is already registered as a legal entity, can lead to the identification of the relevant entities, and misleading about its proprietary products or services, so cannot be used.

4. If the name of a legal entity is identical or confusingly similar to a trademark (service mark) any other legal entity or a individual, who is engaged in business activity, and as a result of the identity or similarity can mislead consumers, the priority shall have a means of individualization (trade name, trademark, service mark), which exclusive right arose previously. The owner of such a means of identification, in accordance with the laws of the Republic of Kazakhstan, is entitled to claim for annulment of legal protection of a trademark (service mark) for similar goods or services, or ban on the use of a trade name.

Footnote. Article 1020 as amended by the Law of the Republic of Kazakhstan dated 12.01.2012 № 537-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 1021. Use The Company Name Of A Legal Entity In The Trademark

Company name of a legal entity may be used in its own trademark.

Article 1022. Force Of Law To The Company Name

1. In the territory of the Republic of Kazakhstan is the exclusive right to the trade name, registered in the Republic of Kazakhstan as the designation of a legal entity.

To the trade name, registered or generally accepted in a foreign country, shall be the exclusive right in the territory of the Republic of Kazakhstan in the cases stipulated by legislative acts.

2. The eligibility of a company name is terminated with the liquidation of the legal entity and change of its corporate name.

Article 1023. Alienation Of The Right To The Company Name

1. Alienation and transfer of the rights to the trade name of the legal entity are not allowed , except for the reorganization of the legal entity and the exclusion of the whole enterprise.

2. The owner of the rights to a company name can be permitted (to license) to another person to use his (her) name by means, stipulated in the contract. The license contract shall include measures, which exclude the false suggestions of the consumers.

Paragraph 2. Trademark

Article 1024. Conditions For Legal Protection Of Trademark

1. The legal protection of a trademark is provided on the basis of its registration or without registration under the international treaties, where participating the Republic of Kazakhstan.

As a trademark (service mark) is recognized a registered or protected without registration by an international treaty, verbal, visual, volumetric, or other designation, serving to distinguish the goods or services of one person from the goods and services of others.

If a trademark (service mark) of a legal entity or an individual, who are engaged in business activity, is identical or confusingly similar to a company name of another entity, and as a result of the identity or similarity can mislead consumers, the provisions specified in paragraph 4 of Article 1020 of this Code shall be applied.

2. The legend, which registration as a trademark is not permitted, and the procedure for registration of trademarks, their termination and invalidation, as well as cases in which may be allowed the legal protection of unregistered trademarks, are defined by legislative acts on trademarks.

3. The trademarks right is certified by a certificate.

Footnote. Article 1024 as amended by the Law of the Republic of Kazakhstan dated 12.01.2012 № 537-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 1025. The Right To Use The Trademark

1. The holder of a trademark has the exclusive right to use and dispose his (her) sign.

2. The usage of a trademark is defined as its introduction into circulation, through means such as: the production, use, import, store, offer for sale, sale of trademark or goods designated by the mark, and the use in signs, advertising, printed materials or other business documents.

3. Features of advertising trademarks and goods, marked by trademarks, are determined by the laws of the Republic of Kazakhstan.

Footnote. Article 1025 as supplemented by the Law of the Republic of Kazakhstan dated June 19, 2007 № 264 (the order of enforcement see Art. 2 of the Law).

Article 1026. Legal Protection Of Trademarks In The Republic Of Kazakhstan

In the territory of the Republic of Kazakhstan legal protection is given to a trademark, registered by a patent authority (organization) of the Republic of Kazakhstan or international organization by virtue of an international treaty, ratified by the Republic of Kazakhstan.

Article 1027. Validity Of Trademark Rights

1. Priority of a trademark shall be established by the date of receipt an application the patent body (organization), if legislation on trademarks provides otherwise.

2. The right to a trademark is valid for ten years from the date of registration the application.

At the request of the holder of trademark rights, filed to the patent body (organization) in the last year of the validity of trademark, may be registered the extension of the trademark in a decade. Renewals can be done any number of times.

Article 1028. Consequences Of Non-Use Of The Trademark

When non-using of a trademark without a good reason, continuously for three years, its registration may be canceled at the request of any interested person.

Conclusion of a license contract to use the trademark is considered as using it.

Footnote. Article 1028 as amended by the Law of the Republic of Kazakhstan dated 12.01.2012 № 537-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 1029. Transfer Of Right To The Trademark

1. The right to the trademark, in respect of alles of goods and services, or their parts, which are designated in the certificate, can be transferred to another person by the right holder and under the contract.

2. The transfer of the trademark shall not be allowed, if it can be the cause of confusion about the product or its manufacturer.

3. Transfer of right to the trademark, including its transfer by contract or by way of succession, must be registered in the patent body (organization).

Article 1030. PERMISSION to USE the TRADEMARK

1. The right to use a trademark may be granted by the owner of the rights to another person under the license agreement, with alles of goods and services or their parts, designated in the certificate (Article 966 of this Code).

2. License agreement, that permits the licensee to use the trademark, shall contain a condition, that the quality of goods or services of the licensee will not lower the quality of goods or services of the licensor, and the licensor has the right to monitor the implementation of this provision.

3. Upon termination of the trademark rights the action of the license agreement shall be terminated.

4. Transfer of right to the trademark to another person shall not terminate the license agreement.

Article 1031. Form And Registration Of Contracts On Transfer Of The Trademark And License Agreements

An agreement on the transfer of rights to a trademark or license agreement must be concluded in writing and registered in the patent body (organization).

Failure to comply with the written form and the registration requirements invalidates the contract.

Article 1032. Responsibility For The Violation Of The Right To Trademark

A person, who unlawfully uses a trademark or designation similar to it to the confusion of others, must cease violation and compensate the owner of the trademark for the incurred losses (Article 9 of this Code).

A person, who unlawfully uses the trademark, shall destroy the manufactured image of the trademark, remove the product or its packaging illegally using a trademark or designation which deliberately causes confusion.

If it is impossible to meet the requirements established by part 2 of this Article, the corresponding goods must be destroyed.

Paragraph 3. Name of Goods Origin

Article 1033. Conditions Of Legal Protection The Name Of The Goods Origin

1. Legal protection the name of the goods origin is provided on the basis of registration, except the cases, provided by legislative acts.

The name of the goods origin (indication of origin) shall be the name of the country, community, locality or other geographic area, using to designate a product, which special properties are exclusively or mainly determined by this geographical natural conditions or other factors or by combination of natural conditions and these factors.

Goods origin may be a historical name of a geographic object.

2. The name of the geographical area, but generally used in the Republic of Kazakhstan to designate a particular of goods, which is not associated with place of manufacture, is not recognized as a goods origin and cannot be registered for the legal protection in accordance with the rules of this section. This, however, shall not deprive a person, whose rights are violated by unfair use of such a name, the ability to protect them by other means provided by legislative acts, including the regulations on unfair competition.

3. Registration of a goods origin shall be by the patent body (organization).

On the basis of the registration is given the certificate on the right to use a goods origin.

The procedure and conditions for registration and certification, invalidation and cancellation of registration and certificates, are defined by legislation on trademarks, service marks and appellations of origin.

Article 1034. The Right To Use The Goods Origin

1. A person, who has the right to use the goods origin, is entitled to place the name on the product, packaging, advertising, brochures invoices and use it otherwise in connection with the introduction of the product into civil circulation.

2. Goods origin can be registered by several persons jointly or separately, to designate a product that meets the requirements specified in paragraph 1 of Article 1033 of this Code. The right to use the goods origin belongs to each of these individuals.

3. A person, who in good faith uses a geographical indication, which is identical or similar to a registered goods origin, at least six months prior to the date of first registration, shall retain the right to its use, within the period established by the patent body (organization), but no less than seven years from the date of such registration

4. Alienation, other transactions of the assignment the right to use the goods origin and providing to use them by the license, is not allowed.

Article 1035. The Scope Of The Legal Protection Of The Goods Origin

1. Kazakhstan provides the legal protection for appellations of origin, which is in the territory of the country.

2. Legal protection of the goods origin, which is in another state, shall be used in the Republic of Kazakhstan, if the name is registered in the country of origin, and in the Republic of Kazakhstan in accordance with this Code.

Article 1036. Validity Period Of The Certificate For The Right To Use The Goods Origin

The certificate for the right to use the goods origin is valid for ten years from the date of the application to the patent authority (organization).

The period of validity may be extended at the request of its owner, filed during the last year of the certificate, for ten years in the conditions, granting the right to use the name. Renewals may be done non-limited times.

Article 1037. Liability For Illegal Use Of The Goods Origin

1. A person, who entitled to use the goods origin, as well as the organizations for consumer protection may require the person, who illegally uses this name to stop using it, remove from the product, its packaging, forms and other documents the unlawfully used name or designation, similar to it to confusion, and destruction of images of the name or designation, similar to it to confusion, and if it is impossible to seizure and destruct the goods and (or) package.

2. Person, having the right to use the goods origin, may require an offender of the right compensation of losses (Article 9 of this Code).

Section 6. Inheritance Rights

Chapter 57. General Provisions Concerning Inheritance

Article 1038. Inheritance

1. Inheritance is a transfer of property of a deceased citizen (testator) to another person (persons) who is a heir (are the heirs).

2. Property of a deceased citizen shall be transferred to other persons on the terms of universal legal succession. Legacy shall be transferred as one entity and at the same moment, unless it otherwise ensues from this Section.

3. Inheritance shall be regulated by this Code, and in the cases expressly established by this Code, it shall be regulated by other legislative acts.

Article 1039. Grounds For Inheritance

1. Inheritance shall be carried out on the grounds of the will and (or) law.

2. Inheritance by law shall take place where there is no will, or where the will defines the destiny of a part of legacy, as well as in other cases established by this Code.

Article 1040. Composition Of A Legacy

1. The composition of a legacy shall comprise property belonging to the testator as well as rights and obligations the existence of which is not terminated by his (her) death.

2. The rights and obligations that are inseparably associated with the personality of the testator shall not be included into the composition of a legacy:

1) rights of membership in organizations that are legal entities, unless it is otherwise established by legislative acts or an agreement;

2) the right to compensation of damage to life or health;

3) rights and obligations ensuing from alimony obligations;

4) rights to pensions, benefits and other payments on the basis of legislative acts concerning labor and social support;

5) personal non-property rights, which are not associated with property, rights, except for the cases established by the legislative acts.

3. Personal non-property rights and other non-material amenities, which belonged to the testator, may be exercised and protected by heirs.

Footnote. Article 1040 as amended by the Laws of the Republic of Kazakhstan dated 15.05.2007 № 253, dated 28.12.2011 № 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 1041. Inheritance Of Property Which Is Joint Common Property

1. The death of a participant in common joint property shall be the basis for determining his (her) share in such property and division of common property or appropriation out of it of the share of a deceased participant in accordance with the procedure established by Article

218 of this Code. In that case inheritance shall be opened with regard to the share of the deceased participant in common property and if it is impossible to divide property in kind with regard to the value of such a share.

2. A participant of common joint property shall have the right to bequeath his (her) share in common property, which will be determined after his death, in accordance with paragraph 1 of this Article.

Article 1042. Opening The Inheritance

1. Inheritance shall be opened on the score of the death of a citizen or his (her) announcement as deceased.

2. The day of death of a testator, and in the case of announcing him as deceased the date when the court decision on announcing a citizen as deceased, unless there is a different date in the court decision, shall be the day of inheritance opening.

3. If persons who had the right to inherit one after another died on one day, they shall be recognized as deceased simultaneously, and inheritance shall be opened after each of them and heirs of each of them shall be called for inheritance.

Article 1043. Place Of Inheritance Opening

The last place of residence of a testator shall be the place where inheritance opens, and if it is unknown then the place where estate or its principal part is located.

Article 1044. Heirs

1. Citizens being alive at the moment when inheritance opens, as well as those conceived when the estate-leaver is alive and those born alive after the inheritance opens, may be heirs by law and will.

2. Legal entities formed prior to the opening of inheritance and which existed at the time when inheritance opens, as well as the state may be heirs by will.

Article 1045. Dismissal Of Improper Heirs From Inheritance

1. Persons who deliberately deprived testator or potential heirs of life, or made an attempt to take the testator's life shall have no right to inherit neither by law nor by will. Persons, for whom a testator left a will after an attempt to take his (her) life, shall be an exception.

2. Persons who deliberately impeded the exercise of the last will of a testator and who assisted calling themselves or persons who are close to them to inherit or increase the share of inheritance which belongs to them, also shall have no right to inherit neither by will, nor by law.

3. Parents who were deprived of parental rights and whose rights were not re-established by the moment of opening inheritance shall not have the right to inherit after their children,

nor parents (adopters) and full age children (step-children) who evaded execution of duties entrusted to them by virtue of law with regard to taking care of a testator.

4. The circumstances that serve as a basis for dismissal from inheritance of improper heirs shall be established by the court.

4-1. A person who does not have the right to inherit or who is eliminated from inheritance under the present article (improper heir), shall be obliged to return all the property he groundlessly received from among the inheritance.

When return of inheritance property is impossible, heir shall be obliged to compensate it at its trade price.

5. The rules of this Article shall also apply to testamentary gifts (Article 1057 of this Code).

If the subject of the testamentary refusal was implementation of the certain work for legatee or rendering him (her) the certain service, the later shall be obliged to compensate to the heir implemented the testamentary refusal, the cost of the implemented work.

6. The rules of this Article shall apply to all heirs, including those who have the right to an obligatory share.

Footnote. Article 1045 as amended by Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Chapter 58. Inheritance by Will

Article 1046. General Provisions

1. A will of a citizen with regard to distribution of property he (she) has in the case of his (her) death shall be recognized as a will.

1-1. The will shall be created by a citizen who had his (her) full dispositive capacity as of the time when it was created.

2. A citizen may bequeath all his (her) property or part of it to one or several persons who are or are not heirs by law, as well as to legal entities and the state.

3. A will must be executed personally. Execution of a will through a representative shall not be allowed.

4. A testator shall have the right to deprive of inheritance one, several, or all heirs by law. Deprivation of an heir by law of inheritance shall not apply to his descendants who inherit by the right of presentation, unless it otherwise ensues from the will.

5. A testator shall have the right to execute a will containing instructions on any property.

A testator shall be entitled to set heirs' shares in the estate in any way, to dispose of his (her) property or any of its part, by making one or several wills, concerning different properties.

6. A testator shall be free to renounce and amend the drawn up will at any moment after executing it, and he shall not be obliged to indicate reasons for the renunciation or amendment.

7. A testator shall not have the right to entrust to the persons who are in his will appointed by him as heirs, the duty to distribute the properties bequeathed by him in a certain manner in the case of their death.

Footnote. Article 1046 as amended by Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1047. Conditional Will

1. A testator shall have the right to condition the receipt of inheritance to a certain condition with regard to heir's behavior.

2. Illegal conditions included among instructions concerning appointment of heirs or deprivation of the right to inherit shall be invalid.

3. Conditions which are included into a will and which are unfeasible for heirs because of their status of health or by virtue of other objective reasons, may be recognized as invalid pursuant to the action of an heir.

Article 1048. Sub-Appointment Of Heirs

1. A testator may provide for the case where an heir indicated in the will dies prior to opening of inheritance, or does not accept it or refuses it, or is removed from inheritance as an improper heir in accordance with the procedure of Article 1045 of this Code, and also provide for the case of an heir's failure to comply with legitimate conditions of the testator by will, appoint another heir (sub-appointment of an heir).

2. Any person, who in accordance with Article 1044 of this Code may be an heir, may be a sub-appointed heir.

3. A repudiation of an heir by the will for benefit other than that of the sub-appointed heir shall not be allowed.

Article 1049. Inheritance Of A Part Of Property Which Is Left Not Bequeathed

1. A part of property that is left not bequeathed shall be distributed among heirs by law called to inheritance in accordance with the procedure of Articles 1061-1066 of this Code.

2. The circle of those heirs shall also comprise those heirs by law to whom the other part of property was left by will.

Footnote. Article 1049 as amended by Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1050. General Rules Concerning The Form Of A Will

1. A will must be executed in writing and notarized with an indication of the place and time of its execution.

2. The following shall be recognized as wills drawn up properly:

1) notarized wills;

2) wills equated to those notarized.

3. A will must be signed with a testator's own hand.

When a testator by virtue of physical drawbacks, disease or illiteracy cannot sign a will with his own hand, it pursuant to his request may be signed in the presence of a notary or any other person to attest the will, by other citizen with an indication of the reasons because of which the testator might not sign his will with his own hand.

4. In the cases where in accordance with the rules of this Code witnesses must be present during compilation, drawing up, signing or attesting a will, the following may not be such witnesses, nor may they sign a will instead of a testator:

1) the notary or any other person who attests a will;

2) the person for whose benefit a will is drawn up or a testamentary gift was made, a spouse of such a person, his children, parents, grandchildren, great-grandchildren or heirs of testator by law;

3) citizens who have limited capability;

4) illiterate and other persons who cannot read a will;

5) persons who have been sentenced for perjury.

Article 1051. A Notarized Will

1. A notarized will must be written by a testator or written down by a notary from the words of the testator in the presence of a witness. When a will is written down from the words of a testator by a notary, usual technical devices may be used (awriter, personal computer etc.).

2. A will written by a notary from the words of a testator must be fully read by the testator in the presence of the notary and a witness before the will is signed.

When a testator due to physical problems, disease or illiteracy is not capable to read a will personally, its text shall be voiced for him by a witness in the presence of a notary and a note to that effect shall be made in the will with an indication of the reasons why the testator was not able to read his will personally.

3. When a notarized will is drawn up in the presence of a witness, the surname, name and place of the witness' permanent residence must be indicated in a will. The same details must be included in a will with regard to a person who signed the will instead of a testator.

4. At a testator's discretion, a will shall be notarized without a notary's perusal of its contents (a secret will).

A secret will, under the fear of its invalidity must be written with a testator's own hand and it must be signed by the testator in the presence of two witnesses and a notary, sealed in

an envelope on which the witnesses shall affix their signatures. An envelope signed by witnesses shall be sealed in the presence of the witnesses and notary into another envelope, onto which the notary shall affix his notarization note.

5. Wills of persons residing in populated areas where there is no notary shall be attested by official person authorized by legislative acts to perform notarial actions.

Article 1052. Wills Equal To Notarized Wills

1. The following shall be equal to notarized wills:

1) wills of citizens who are treated in hospitals, sanatoria and other medical and prevention institutions as well as of those who reside in homes for the elderly and disabled, attested by chief physicians, physicians on duty of those hospitals sanatoria and other medical and prevention institutions, as well as by directors, chief physicians of homes for the elderly and disabled;

2) wills of servicemen and other persons being given treatment in hospitals, sanatoria and other military and medical institutions attested by ?hiefs, their deputies for medical matters, head physicians and physicians on duty of those hospitals, sanatorium and other military and medical institutions;

3) wills of citizens who are on sailing sea ships or other ships of internal navigation, which are under the flag of the Republic of Kazakhstan, attested by captains of those ships.

4) wills of citizens who are on exploration and other expeditions, attested by the heads of those expeditions;

5) wills of military servicemen, and in places of dislocation of military units, formations, establishments, military and educational institutions where there are no notaries and official persons authorized to perform notarial actions, as well as wills of civic personnel working for those units, their family members and family members of military servicemen, as attested by the commanders (heads) of those military units, formations, institutions and establishments;

6) wills of persons who are in places of deprivation of freedom, as attested by the heads of places of deprivation of freedom.

2. Wills provided for in paragraph 1 of this Article must be signed by a testator in the presence of a witness who shall also sign a will.

Official persons enumerated in paragraph 1 of this Article shall be obliged to hand over one copy of an attested will to a notary for keeping in accordance with legislation concerning notary's office.

In other respects, such wills shall be subject to the rules of Article 1051 of this Code, except for the will notarization requirement.

Article 1053. Renunciation And Amendment Of A Will

1. A testator shall have the right to renounce or amend a will he made at any time.

2. A will may be renounced by way of:

1) submission of an application to a notary's office for renunciation of a will in full which was made by him earlier;

2) drawing up a new will.

3. A will may be amended by way of:

1) submission of an application to a notary's office for amending a will in certain part which was made by him earlier;

2) drawing up a new will that alters a will partially which was made earlier.

4. An earlier will which was renounced fully or partially by a subsequent will shall not be restored if the latter is renounced or amended by a testator in its turn.

Article 1054. Secrecy Of A Will

A notary, any other person who attests a will, witnesses as well as a citizen who signs a will instead of a testator, shall not have the right to disclose information concerning contents of a will, its execution, renunciation or amendment prior to the opening of inheritance.

Article 1055. Interpretation Of A Will

When a will is interpreted by a notary, executor of a will or the court, the literal meaning of words and expressions contained therein shall be taken into consideration. Where the verbal meaning of some provision of a will is unclear, it shall be established by way of comparing that provision with other provisions and the essence of the will as a whole.

Article 1056. Invalidity Of A Will

1. A will executed in an improper form shall be invalid. Invalidity of a will shall be recognized also in accordance with the rules of Chapter 4 of this Code concerning invalidity of transactions.

2. A will may be recognized as invalid pursuant to an action of a person for whom the recognition of a will as invalid has material consequences, due to violation of the procedure established by this Code for compilation, signing and attesting wills.

Clerical errors and other minor infractions of technological character, made during drawing up, signing or identification the will, shall not be the basis for its invalidity, if the court finds that they do not influence on understanding of expression of testator’s will.

3. Invalidity of certain instructions contained in a will shall not invalidate the rest of a given will.

4. In the event of recognizing a will as invalid, an heir who in accordance with that will was deprived of inheritance, shall acquire the right to inherit by law in accordance with the procedure established by Article 1060 of this Code.

Footnote. Article 1056 as amended by Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1057. Testamentary Gift (A Legatum)

1. A testator shall have the right to entrust to a heir by will the execution at the expense of inheritance of any obligation (testamentary gift) for the benefit of one or several persons (recipients of gifts), who shall acquire the right to claim execution of a testamentary gift.

Persons who are or are not heirs by law may be recipients of gifts (legatees).

2. Transfer into ownership of a recipient of a gift, for use or in accordance with any other corporeal right of an article which is a part of inheritance, acquisition and transfer to him (her) of property which is not a part of inheritance, performance for him of certain work, rendering of a certain service etc. may be subject to a testamentary gift.

3. An heir to whom his (her) testator entrusted a testamentary gift must execute it only within the limits of actual value of the inheritance he received and less a part of debts of the testator, which is apportioned to him (her).

When an heir to whom a testamentary gift is entrusted has the right to an obligatory share in inheritance, his duty to execute the gift shall be restricted by the value of inheritance he received in excess of his obligatory share.

When a testamentary gift is entrusted to all or several heirs, it shall encumber each of them in proportion to their shares in inheritance, unless a will stipulates otherwise.

4. A testator shall have the right to entrust an obligation to an heir who inherits a dwelling house or dwelling premises to grant life tenure of dwelling house or its certain part to another person. In the case of a transfer of the right of ownership with regard to a given dwelling, the right of life tenure shall remain in force.

The right to life tenure shall be unalienable, non-transferable and it shall not be acquired by heirs of a legatum recipient.

The right to life tenure granted to a legatum recipient shall not be a basis for residence of his family members, unless it is otherwise indicated in a will.

5. In the case of the death of an heir to whom a testamentary gift was entrusted, or in the case of his failure to receive inheritance, the execution of a testamentary gift shall be transferred to other heirs who have received his share, or to the state, if property became ownerless.

A testamentary gift shall not be executed in the case of a legatum recipient death prior to the opening of inheritance or after the opening, but prior to that moment when an heir by will was in time to accept it.

6. A legatum recipient shall not be liable for debts of a testator.

Article 1058. Delegation

1. A testator may delegate to an heir by will a duty to perform an act or abstain therefrom without granting to anyone the right to claim the execution of that duty as a creditor. For attaining a generally useful purpose the same duty may be delegated to a will executor when a part of property is appropriated by the testator for the execution of an assignment.

2. The rules of Article 1074 of this Code shall accordingly apply to delegation that is associated with deeds having a property nature.

3. The duty to execute an assignment shall terminate in the case where due to the circumstances provided for by this Code, a share in inheritance which is owing to or which belongs to the heir with whom the duty rested to execute an assignment, is transferred to other heirs.

Footnote. Article 1058 as amended by Law of the Republic of Kazakhstan dated 27.04.2012 № 15-V (shall be enforced upon expiry of ten calendar days after its official publication).

Article 1059. Execution Of A Will

1. A testator may entrust the execution of his (her) will to the person indicated by him (her) in his (her) will, who is not an heir (executor of a will, administrator). The consent of that person to be executor of a will must be expressed by him (her) either in his own hand's note on the will itself, or in an application attached to the will.

When in a will its executor is not indicated, the heirs by agreement between themselves shall have the right to delegate the execution of the will to one of the heirs or to another persons. In the case of a failure to reach such an agreement, the executor of a will may be appointed by the court pursuant to claims of one or several heirs.

An executor of a will shall have the right to refuse the execution of duties delegated to him (her) by a testator, by prior notice to the heirs by will. The discharge of the executor of the will from his (her) duties shall also be possible pursuant to a court decision based on an application of the heirs.

2. An executor of a will shall:

1) carry out protection of an inheritance and its management;

2) take every step available to notify all the heirs and gift recipients of the opening of the inheritance for their benefit;

3) receive amounts owing to the testator;

4) transfer to the heirs properties which are owing to them in accordance with the testator's will and legislative acts;

5) ensure the compliance by heirs with testamentary gifts entrusted to them (Article 1057 of this Code);

6) execute testamentary delegations or require from heirs by will of the execution of testamentary delegation (Article 1058 of this Code);

7) carry out the liquidation of liabilities associated with the inheritance.

3. An executor of a will shall have the right to participate in court cases and other cases associated with the management of an inheritance and execution of the will in his own name, or he may be engaged to take part in such cases.

4. An executor of a will shall perform his functions within a reasonable period sufficient for liquidation of inheritance liabilities, collection of amounts which are owing to the testator and acquisition by all heirs of ownership with regard to an inheritance.

5. An executor of a will shall have the right to compensation at the expense of an inheritance of appropriate expenditures associated with the management of the inheritance and execution of the will. In the will there may be stipulated a payment of remuneration to the executor of the will at the expense of the inheritance.

6. Upon execution of a will an executor of the will shall be obliged to submit to the heirs a report pursuant to their demand.

Chapter 59. Inheritance by Law

Article 1060. General Provisions

1. Heirs by law shall be called to inherit in accordance with the procedure for a queue as provided for by Articles 1061 - 1066 of this Code.

2. When inheriting by law, an adopted person and his descendants on the one side and the adopter and his relatives on the other side are equated to blood relatives.

Adopted persons and their descendants shall not inherit by law after the death of blood parents of the adopted person or his other blood relatives.

Parents of an adopted person and his other blood relatives shall not inherit by law after the death of an adopted person and his descendants.

3. Each subsequent queue of heirs by law shall receive the right to inherit in the case there are no heirs of the previous queue, their removal from inheritance, their non-acceptance of inheritance or refusal from it, except for the cases indicated in paragraph 5 of Article 1074 of this Code.

4. The rules of this Code concerning the queues for calling heirs by law to inherit and concerning size of their shares in inheritance may be changed by a notarized agreement of interested heirs which is entered after inheritance opens. Such an agreement must not infringe the rights of the heirs, which are not a party to it, nor the heirs who have the right to an obligatory share.

Footnote. Article 1060 as amended by Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1061. The First Queue Of Heirs By Law

The right of the first queue to inherit by law shall be granted in equal shares to the children of an estate-leaver, including those born alive after his (her) death as well as the spouse and parents of the estate-leaver.

The testator's grandchildren and their issue shall inherit by right of representation.

Footnote. Article 1061 is in the wording of the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1062. The Second Queue Of Heirs By Law

If there are no heirs of the first category the legal heirs of the second category shall be the full and half brothers and sisters of the testator, his (her) grandfather and grandmother both on the side of the father and on the side of the mother.

The children of full and half brothers and sisters of the testator (nephews, nieces of the testator) shall inherit by right of representation.

Footnote. Article 1062 is in the wording of the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1063. The Third Queue Of Heirs By Law

1.If there are no heirs of the first and second categories the legal heirs of the third category shall be the full and half brothers and sisters of the parents of the testator (uncles and aunts of the testator).

2.Cousins of the testator shall inherit by right of representation.

Footnote. Article 1063 is in the wording of the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1064. Next Category Heirs

1. If there are no heirs of the first, second and third categories , the right to inherit by law shall be acquired by the testator's relatives of the third, fourth and fifth degree of kinship who are not qualified as heirs of the preceding categories.

The degree of kinship shall be determined by the number of births that separate relatives from each other. The birth of the testator in this case does not count.

2. Under paragraph 1 of the present article the following shall be called upon to inherit:

as heirs of the fourth category: relatives of the third degree of kinship - great grandfathers and great grandmothers of the testator;

as heirs of the fifth category: relatives of the fourth degree of kinship - children of full nephews and nieces of the testator (grandsons and granddaughters once removed) and brothers and full sisters of their grandfathers and grandmothers (grandsons and granddaughters once removed) and full brothers and sisters of their grandfathers and grandmothers once removed);

as the heirs of the sixth category: relatives of the fifth degree of kinship - children of grandsons and granddaughters of the testator once removed (grand grandsons and grand granddaughters once removed), children of his cousins (nephews and nieces once removed) and children of his grandfathers and grandmothers once removed (uncles and aunts once removed).

3. If there are no heirs of the preceding categories the following shall be called upon to inherit as heirs of the seventh category by law: stepsons, stepdaughters, the stepfather and the stepmother of the testator.

Footnote. Article 1064 is in the wording of the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1065. The Fifth Queue Of Heirs By Law

(Article is excluded by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1066. The Sixth Queue Of Heirs By Law

(Article is excluded by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1067. Inheritance Under The Right To Representation

1. The share of a legal heir who has died before the opening of the inheritance or simultaneously with the testator shall be passed by right of representation to his relevant issue in the cases specified in paragraph 2 of Article 1061, paragraph 2 of Article 1062 and paragraph 2 of Article 1063 of this Code and it shall be divided between them in equal shares.

2. The issue of an heir who has died before the opening of the inheritance or simultaneously with the testator and who would not have had a right of inheritance under Article 1045 of this Code shall not inherit by the right of representation.

Footnote. Article 1067 is in the wording of the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1068. Incapable Dependents Of An Estate-Leaver

1. Citizens relating to the heirs by law, specified in the articles 1062, 1063, 1064 of this Code incapable on inheritance opening day, but not entering the circle of heirs of that order, which are called to inherit, shall inherit under the law together and on a level with successors of this turn if not less than year to death of heir were on his expense irrespective of whether they lived together with heir or not.

2. Incapable persons who are recognized as heirs by law as indicated in Articles 1061, 1066 of this Code, but who are not the heirs of that queue which is called to inherit, shall

inherit together with the heirs of this queue, provided they were dependent on an estate-leaver not less than one year prior to his death, irrespective of whether or not they lived together with the estate-leaver.

If there are other heirs by law, the persons called to inherit on the basis of this Article shall inherit not more than one-fourth part of an inheritance.

Footnote. Article 1068 is in the wording of the Law dated January 12, 2007 № 225 (shall be enforced from the day of its official publication).

Article 1069. The Right To An Obligatory Share In Inheritance

1. Minors or incapable children of an estate-leaver as well as his (her) incapable spouse and parents shall inherit irrespective of the contents of a will, not less than half of the share which should be due to each of them when inheriting by law (the obligatory share).

2. The obligatory share shall comprise everything which an heir who has the right to such a share, receives by will and (or) by law, including the value of estate consisting of household furniture and objects and value of a testamentary gift established for the benefit of such an heir.

3. Any restrictions and encumbrances established in a will for an heir who has the right to an obligatory share in inheritance shall be valid only with regard to that part of estate he inherits which exceeds the obligatory share.

Article 1070. The Rights Of A Spouse In Inheritance

1. The right of a spouse to inherit by virtue of a will or law shall not infringe any other property rights of the spouse which are associated with being married to an estate-leaver, including the right of ownership to the part of the estate acquired during their marriage.

2. Pursuant to a court decision a spouse may be removed from inheritance by law, provided it is proved that marriage with the estate-leaver actually terminated prior to the opening of inheritance and the spouse lived separately for not less than 5 years prior to the opening of inheritance.

Article 1071. Protection Of Inheritance And Its Managing In The Case Of Inheritance By Law

1. In the case where a part of estate is inherited by will, the will executor appointed by an estate-leaver shall carry out protection of an entire inheritance and its management, including that part of the inheritance which is inherited in accordance with the procedure for inheritance by law.

A will executor appointed in accordance with Article 1059 of this Code by heirs by law or by the court, shall exercise the function of protection of the entire legacy as a whole and its

management, unless the heirs by law require the appointment of a trust administrator for the legacy in order to exercise the specified functions with regard to that part of the legacy which is inherited in accordance with the procedure for inheriting by law.

2. A trust administrator of estate shall be appointed by a local notary where inheritance is opened pursuant to one or several heirs' request by law. An heir by law, who disagrees with the appointment of the estate administrator or with the appointment of the given administrator , shall have the right to challenge the appointment of the estate administrator in the court procedure.

3. When heirs by law are absent or unknown, a local executive bodies of the cities of republican status, capital, districts, cities of regional status must petition a notary to appoint a trust administrator for the estate. In the case of appearance of heirs by law, the estate trust administrator may be revoked pursuant to their request with compensation to him of appropriate costs and payment of a reasonable fee at the expense of the estate.

4. An estate trust administrator shall exercise the powers, provided for by Article 1059 of this Code with regard to an executor of a will, so long as it does not otherwise ensue from special considerations of inheriting by law.

5. An estate trust administrator shall have the right to compensation at the expense of the estate of appropriate costs associated with the protection of the estate and its management; and also to a fee, unless it is otherwise stipulated by his agreement with heirs.

Footnote. Article 1071 as amended by the Law of the Republic of Kazakhstan dated 20.12.2004 № 13 (shall be enforced from 01.01.2005); dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Chapter 60. Acquisition of Inheritance

Article 1072. Acceptance Of Inheritance

1.A heir shall accept an inheritance in order to acquire it.

2. The acceptance of a portion of inheritance by an heir means acceptance of the whole inheritance due to him (her), whatever the nature and the whereabouts thereof.

When an heir is called upon to inherit simultaneously on several grounds the heir may accept an inheritance he is entitled to on one of these grounds, on several of them or on all of them.

No acceptance of inheritance shall be stipulated by conditions or special clauses.

3. The acceptance of an inheritance by one or several heirs shall not mean an acceptance of inheritance by other heirs.

4. An accepted inheritance shall be recognized as owned by the heir from the date of opening of the inheritance, irrespective of the time of the actual acceptance and also irrespective of the time of state registration of the heir's rights to assets of estate where such a right is subject to state registration.

Footnote. Article 1072 is in the wording of Law of the Republic of Kazakhstan dated 12.01.2007 № 225 (shall be enforced from the date of its official publication); as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its official publication).

Article 1072-1. The Methods Of Accepting An Inheritance

1. An inheritance is accepted by the heir filing an inheritance acceptance application or an application for a certificate of the right to the inheritance with the notary or personal representative under law at the place of opening of the inheritance.

If an heir's application is passed to the notary by another person or the signature of the heir is mailed on the application shall be attested by a notary, an official empowered to accomplish notarial actions (paragraph 5 of Article 1051) or a person empowered to attest powers of attorney in compliance with paragraph 3 of Article 167 of this Code).

An inheritance can be accepted through a representative if the power of accepting an inheritance is specifically established in powers of attorney. No powers of attorney are required for a personal representative to accept an estate.

2. Until and unless the contrary is proven, an heir shall be deemed to have accepted an inheritance if he (she) has committed actions evidencing an actual acceptance of the inheritance, in particular, if the heir:

has commenced possession or administration of assets of the estate;

has taken measures for preserving assets of the estate, protecting it against third persons' encroachments or claims;

has incurred expenses on his account towards maintenance of assets of the estate;

has paid the testator's debts or received from third persons amounts of money payable to the testator.

Footnote. The Code is supplemented with Article 1072-1 by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1072-2. The Term For Acceptance Of An Inheritance

1. An inheritance can be accepted within six months after the date of opening of the inheritance. If the inheritance is opened on the date of the alleged death of a citizen (paragraph 2 of Article 1042 of this Code) the inheritance can be accepted within six months after the date when the court decision whereby the citizen is announced dead becomes final.

2. If a right of inheritance emerges for other persons as the result of an heir's disclaimer of an inheritance or an heir's disqualification on the grounds established by Article 1045 of this Code such person can accept the inheritance within six months after the date of occurrence of their right of inheritance.

Footnote. The Code is supplemented with Article 1072-2 by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

1072-3. Acceptance Of An Inheritance Upon The Expiry Of The Established Term

On the application filed late by a heir as concerning the term set for acceptance of an inheritance (Article 1072-2 of this Code) the court may reinstate the term and recognize the heir as having accepted the inheritance if the heir did not know and was not supposed to know of the opening of the inheritance or if the heir has missed the term due to other legitimate reasons and on the condition that the heir who missed the term set for acceptance of the inheritance has filed his (her) application with the court within six months after the time when the causes/reasons for the lateness ceased to exist.

Having recognized an heir as having accepted an inheritance, the court shall determine the shares of all the heirs in the estate and if necessary shall designate measures for safeguarding the rights of the new heir to his (her) entitlement (paragraph 3 of the present Article). The certificates of a right of inheritance issued earlier shall be recognized by the court as void.

Footnote. The Code is supplemented with Article 1072-3 by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1072-4. The Transfer Of A Right To Accept An Inheritance (Hereditary Transaction)

If an heir called upon to inherit by will or by operation of law dies after the opening of the inheritance without having accepted it within the term established by Article 1072-2 of this Code, the right of accepting his (her) entitlement shall pass to his (her) legal heirs.

The right of accepting an inheritance that belonged to a deceased heir may be exercised by his (her) heirs on general terms.

If the portion of the term set for the purposes of inheritance acceptance that remains after the death of an heir is less than three months, the term shall be extended to reach three months .

Upon the expiry of the term set for inheritance acceptance purposes the heirs of a deceased heir may be recognized by the court as having accepted the inheritance under Article 1072-3 of this Code if the court is of the opinion that the reasons for the lateness are legitimate.

The right of the successor to accept a part of the inheritance as an obligatory share according to article 1069 of this Code doesn't pass to its successors.

Footnote. The Code is supplemented with Article 1072-3 by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1073. Issuing Certificates On The Right To Inherit

1. A local notary where inheritance opens, pursuant to the request of an heir shall be obliged to issue to him a certificate of the right to inherit.

2. A certificate on the right to inherit shall be issued upon expiry of six months from the day when inheritance opens.

When inheriting either by will or by law, certificates may be issued prior to the expiry of the specified period, provided a notary has reliable information that aside the persons who applied to obtain a certificate, there are no more heirs with regard to a given property or the entire legacy.

Article 1074. The Right To Refuse From Inheritance

1. An heir shall have the right to refuse an inheritance within six months from the day when he learned or was to learn on his being called to inherit. If there are good reasons that period may be extended by the court, however not more than for two months.

2. A refusal from an inheritance shall be carried out by way of submission by an heir of an application to a notary in the place where the inheritance opens.

A refusal from an inheritance through a representative is possible where the power for such a refusal is specifically stipulated in the power of attorney.

3. A refusal from an inheritance may not be subsequently renounced or revoked.

4. An heir shall lose the right to refuse an inheritance upon expiry of the period granted to him for that. He shall lose that right also prior to expiry of that period if he actually entered the ownership of inherited estate, or disposed of it or petitioned for documents which certify his rights to that estate.

5. In the case of a refusal of an inheritance, an heir shall have the right to indicated that he repudiates it for the benefit of other persons from among heirs by will or by law of any queue.

A refusal from an inheritance for the benefit of heirs who are deprived of the inheritance by their testator shall not be allowed.

6. When an heir is called to inherit both by will and by law, he shall have the right to refuse from an inheritance, which is due to him on one of those grounds or from the both.

7. An heir shall have the right to refuse an inheritance, which is due to him by the right of gain (Article 1079 of this Code), irrespective of inheritance of the rest of estate.

8. Except for the cases stipulated in this Article, a refusal of a part of an inheritance, a refusal from the inheritance with stipulations or under conditions shall not be allowed.

Footnote. Article 1074 as amended by the Laws of the Republic of Kazakhstan dated 12.01.2007 № 225 (shall be enforced from the date of its official publication); dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 1075. The Right To Refuse From Receiving A Testamentary Gift

1. A recipient shall have the right to refuse from a testamentary gift. A partial refusal, a refusal with stipulations, under conditions or for the benefit of any other person shall not be allowed.

2. The right stipulated in this Article shall not be related to the right of a recipient of testamentary gift who at the same time is an heir to refuse from inheritance.

3. When a testamentary gift recipient exercises the right stipulated in this Article, an heir encumbered by a testamentary gift shall be discharged from the duty to execute it.

Article 1076. Division Of Inheritance

1. Any heirs by law who accepted inheritance shall have the right to demand division of an inheritance.

Division of an inheritance shall be carried out by agreement of heirs in accordance with the shares owning to them, and in the case of failure to reach a consensus in accordance with the court procedure.

If the inheritance includes a property, for which heir's rights are not registered and are not recognized as risen without registration, division of the property between heirs shall be carried out after the registration of rights of the heir in the order established by legislation.

2. The rules of this Article shall apply to division of an inheritance between heirs by will in the cases where all inheritance or a part thereof was bequeathed to heirs in shares without an indication of specific assets.

Article 1076 as amended by the Law of the Republic of Kazakhstan dated 25.03.2011 № 421-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 1077. The Rights Of Absent Heirs

1. When among heirs there are persons whose address is unknown, then the other heirs, an executor of a will (administrator of estate) and a notary shall be obliged to take reasonable steps to establish their location and to call them for inheritance.

2. When an absent heir called to inherit whose address is established does not refuse from an inheritance within the period stipulated in Article 1074 of this Code, the other heirs shall be obliged to notify him of their intent to carry out division of the estate.

When within three months from the date of a notice stipulated in the preceding paragraph, an absent heir fails to notify the other heirs on his wish to participate in a given agreement on division of an inheritance, the other heirs shall have the right to carry out the division in accordance with their agreement having appropriated the share which is due to the absent heir .

3. When within one year from the date that an inheritance opens the address of an absent heir is not established and there is no information on his refusal from the inheritance, the

other heirs shall have the right to carry out division in accordance with the rules of the second clause of paragraph 2 of this Article.

4. When there is a conceived but unborn heir, division of property may be carried out only after the birth of such an heir.

When a conceived heir is born alive, then the other heirs shall have the right to carry out division of property and appropriate the inheritance share owing to him. For the protection of the interests of a new-born child, a representative of the body of tutelage and guardianship may be invited for the participation in the division.

Article 1078. Priority Right Of Certain Heirs To Inheritance Estate

1. Heirs who within one year prior to the opening of an inheritance resided together with the estate-leaver shall have the priority right to inherit a dwelling, as well as household objects and utensils.

2. Heirs, who had the right of joint ownership with the estate-leaver with regard to estate, shall have the priority right with regard to inheriting assets, which were in joint ownership.

3. When priority rights are exercised which are indicated in paragraphs 1 and 2 of this Article, the property interests of other heirs participating in division must be complied with. When property which forms an inheritance is insufficient for issuing to them of appropriate shares, the heir who enjoys the priority right must provide to them appropriate monetary or property compensation.

Article 1079. Acquisition Of Shares In Inheritance

1. In the case of a refusal of an heir from an inheritance or his cessation because of the circumstances indicated in this Code, the part of the inheritance that was due to such an heir shall be acquired by the heirs by law who are called for inheritance, and it shall be distributed between them in proportion to their inheritance shares.

When an estate-leaver bequeathed all his estate to heirs appointed by him, a part of the estate which was allocated to an heir who refused it or to an heir who ceased to be, shall be acquired by the other heirs by will and it shall be distributed between them in proportion to their inheritance shares, unless it is otherwise stipulated in a will.

2. The rules contained in paragraph 1 of this Article shall not apply in the following cases:

1) where a sub-heir was appointed to an heir who refused or ceased to be;

2) where an heir refuses from an inheritance for the benefit of a certain person;

3) in the cases where in inheriting by law a refusal or cessation of an heir entails calling to inheritance of the heirs of the next queue.

Article 1080. Expenditures Which Are Subject To Payment At The Expense Of An Inheritance

Claims concerning compensation for appropriate costs caused by the pre-death disease of an estate-leaver, expenditures for the burial of the estate-leaver, those associated with protection, management of an inheritance and a will execution, as well as payment of a fee to a will executor or to a estate trust administrator, shall be subject to satisfaction at the expense of the inheritance prior to its distribution between heirs. Those claims shall be subject to compensation out of estate value as a priority before any other claims, including those secured by pledge.

Article 1081. Exaction Of Debts Of An Estate-Leaver By Creditors

Creditors of an estate-leaver shall have the right to file their claims ensuing from liabilities of an estate-leaver against a will executor (estate trust administrator) or to heirs who are liable as several debtors within the limits of estate value acquired by each heir.

Article 1082. Inheritance In A Peasant Farm

In the event of the death of a peasant farm member (a member of a collective farm holding), an inheritance shall be open with regard to general rules. Heirs shall have the right to receive monetary compensation in proportion to his (her) share in the common ownership of that property.

Footnote. Article 1082 as amended by Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the date of its official publication).

Article 1083. Ownerless Inheritance

Footnote. The title of Article 1083 as amended by the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

1. Where there are neither heirs by will nor by law, nor where none of heirs has the right to inherit (Article 1045 of this Code), or where all of them refused from inheritance (Article 1074 of this Code), the estate shall be recognized as ownerless.

2. Ownerless estate shall become communal property where the inheritance was opened.

Organization of the work on counting, keeping, assessment, further use and realization of the ownerless inheritance came into community property, shall be carried out by the body authorized to manage the community property.

The procedure of counting, keeping, assessment, further use and realization of the ownerless inheritance came into community property, shall be determined by the Government of the Republic of Kazakhstan.

3. Estate shall be recognized as ownerless by the court on the basis of a petition of a local executive bodies of cities of republican status, capital, districts, cities of regional status,

where the inheritance opened upon expiry of one year from the date the given inheritance opened. Estate may be recognized as ownerless prior to expiry of the specified period if expenditures associated with its protection and management exceeded its value.

4. Protection of ownerless property and its management shall be carried out in accordance with Article 1071 of this Code.

5. The rules, specified by the Articles 1080 and 1081 of this Code shall be applied to the ownerless property.

Footnote. Article 1083 as amended by the Laws of the Republic of Kazakhstan dated 24.12.2001 № 276; dated 20.12.2004 № 13 (shall be enforced from 01.01.2005); dated 22.06.2006 № 147; dated 01.03.2011 № 414-IV (shall be enforced from the date of its official publication).

Section 7. Private International Law

Chapter 61. General Provisions

Article 1084. Definition Of The Law Which Is Subject To Application To Civil And Legal Relations Complicated By A Foreign Elements

1. The law which is subject to application to civil and legal relations with the participation of foreign citizens of foreign legal entities or complicated by any other foreign element shall be determined on the basis of this Code, other legislative acts, international treaties ratified by the Republic of Kazakhstan and international customs being recognized.

2. If in accordance with paragraph 1 of this Article it is impossible to determine the law, which is subject to application, the law shall apply which is the most closely associated with the civil and legal relations complicated by a foreign element.

3. The rules of this section on determining the law, which is subject to application by the court, shall be appropriately applied by other bodies entrusted with the powers to decide on the issue concerning the applicable law.

Article 1085. Categorization Of Legal Concepts (Legal Categorization)

1. Categorization of legal concepts (legal categorization) which is carried out by the court shall be based on their interpretation in accordance with the law of the country of the court, unless it is otherwise stipulated in legislative acts.

2. If legal concepts are not known to the law of the country of the court or are known under different name or with different contents and may not be determined by way of interpreting in accordance with the law of the country of the court then when categorizing legal concepts (legal categorization) the law of the foreign state may also be applied.

Article 1086. Establishing Contents Of Standards Of Foreign Law

1. When applying foreign law the court shall establish the contents of its standards in accordance with their official interpretation, practice of applying and the doctrine in the relevant foreign state.

2. For the purposes of establishing contents of standards of foreign law the court may apply in accordance with the established procedure for assistance and explanation to the Ministry of Justice of the Republic of Kazakhstan and other competent bodies and institutions of the Republic of Kazakhstan including those which are abroad or may hire experts.

3. Persons who participate in a case shall have the right to submit documents, which confirm the contents of standards of foreign law to which they refer to substantiate their claims or objections and in any other manner to assist the court to establish the contents of those standards.

4. When contents of standards of foreign law in spite of measures undertaken in accordance with this article within a reasonable period of time are not established the law of the Republic of Kazakhstan shall apply.

Article 1087. Reverse Reference And Reference To Law Of A Third Country

1. Any reference to foreign law in accordance with the rules of this section, except for the cases stipulated by this article must be considered as reference to material law and not conflict of laws of an appropriate country.

2. The back reference to the law of the Republic of Kazakhstan and reference to law of a third country shall be accepted in the cases for applying foreign law in accordance with Article 1094, paragraphs 2, 3, 5 of Article 1095, Article 1097 of this Code.

Article 1088. Consequences Of Evading Law

Agreements and other acts of participants of relations which are regulated by this Code aimed to subject relevant relations to other law evading rules of this section concerning law which is subject to application shall be invalid. In this case law which is subject to application in accordance with this section shall apply.

Article 1089. Mutuality

1. The court shall apply foreign law irrespective of that weather in a relevant foreign state the law of the Republic of Kazakhstan applies to similar relations, except for the cases when application of foreign law on the basis of mutuality is provided for by legislative acts of the Republic of Kazakhstan.

2. Where an application of foreign law depends on mutuality it is assumed that it exists, since it is not otherwise proved.

Article 1090. Stipulations On Public Procedures

1. Foreign law shall not apply in the cases where its application contradicts the principles of law and order of the Republic of Kazakhstan (public order of the Republic of Kazakhstan). In those cases the law of the Republic of Kazakhstan shall apply.

2. Denial of application of foreign law may not be based only on the difference of legal political or economic system of the relevant foreign state from political or economic system of the Republic of Kazakhstan.

Article 1091. Application Of Imperative Standards

1. Application of the rules of this section shall not be extended to effect of imperative standards of legislation of the Republic of Kazakhstan which regulate relevant relations irrespective of applicable law in consequence of an indication in a provision itself or in view of their particular importance for ensuring the rights and interests protected by the law of participants of civil circulation.

2. When applying law of any country in accordance with the rules of this section the court may apply imperative rules of law of other country which has close connection with relations, if according to law of that other country such standards must regulate appropriate relations irrespective of the applicable law. In that case the court must consider the purpose and nature of such standards as well as consequences of their application.

Article 1092. Application Of Law Of A Country With Multiple Legal System

In the case where law of a country is to be applied in which there are several territorial or other legal systems, the legal system shall be applied in accordance with the law of that country.

Article 1093. Retortions

Reciprocal restrictions (retortions) with regard to the rights of citizens and legal entities of those states, which have special restrictions of rights of citizens and legal entities of the Republic of Kazakhstan, may be established by the Republic of Kazakhstan.

Chapter 62. Conflict Standards
Paragraph 1. Persons, Entities

Article 1094. Personal Law Of A Private Person

1. Personal law of a private person shall be deemed to be law of a country whose citizenship that person has. If a person has two or more nationalities the personal law shall be deemed law of a country to which that person is related most closely.

2. Personal law of a stateless person shall be deemed to be law of a country in which that person resides permanently.

3. The personal law covering refugees shall be deemed to be law of a country that granted them asylum.

Article 1095. Legal Capacity And Capacity Of A Private Person

1. The civil legal capacity of a private person shall be defined by his own law. Thus foreign citizens and persons without citizenship shall have civil legal capacity in the Republic of Kazakhstan equally with citizens of the Republic of Kazakhstan, except for the cases established by legislative acts or international treaties of the Republic of Kazakhstan.

2. Legal capacity and capability of a private person shall be defined by its personal law.

3. Civil capability of a private person with regard to transactions and obligations which emerge in consequence to causing harm shall be determined in accordance with law of a country where transactions were committed or where obligations emerged because of causing harm.

4. The capability of a private person to be an individual entrepreneur and to have the rights and obligations connected with that shall be determined in accordance with law of a country where the private person is registered as an individual entrepreneur. If there is no country of registration law of the country where the principal place of performance of individual entrepreneurial activity is located shall apply.

5. Recognition of a private person as incapable or with limited capability shall be subject to law of the court country.

Footnote. Article 1095 as amended by the Law of the Republic of Kazakhstan dated January 12, 2007 № 225 (shall be enforced from the day of its official publication).

Article 1096. Recognition Of A Private Person As Missing And Announcement On Him As Deceased

Recognition of a private person as missing and announcement on him as deceased shall be subject to law of the country of the court.

Article 1097. Name Of A Private Person

The right of a private person to name, its use and protection shall be defined by his individual law, unless it otherwise ensues from the rules, provided for by paragraphs 5 and paragraph 7 of Article 15, Articles 1103 and 1120 of this Code.

Article 1098. Registration Of Acts Of Civil Status Of Citizens Of The Republic Of Kazakhstan Outside The Boundaries Of The Republic Of Kazakhstan

Registration of civil status acts of the citizens of the Republic of Kazakhstan who reside beyond the boundaries of the Republic of Kazakhstan shall be carried out by consular

institutions of the Republic of Kazakhstan. In that case legislative acts of the Republic of Kazakhstan shall apply.

Article 1099. Recognition Of Documents Issued By Bodies Of Foreign States To Certify Civil Status Acts

Documents issued by authorized bodies of foreign states to certify civil status acts performed beyond the boundaries of the Republic of Kazakhstan in accordance with laws of relevant states with regard to citizens of the Republic of Kazakhstan, foreign citizens and stateless persons shall be recognized as valid in the Republic of Kazakhstan provided there is legalization.

Article 1100. Law Of A Legal Entity

The law of a legal entity shall be deemed to be law of a country where that entity was established.

Article 1101. Legal Capacity Of A Legal Entity

1. The civil legal capacity of a legal entity shall be defined by the law of the legal entity.

2. A foreign legal entity may not refer to restriction of powers of its body or representative with regard to carrying out a transaction which is not known to law of the country in which the body or the representative of the foreign legal entity carried out that transaction

3. Civil legal capacity of foreign organizations that are not legal entities according to foreign law shall be determined in accordance with law of the country where an organization is established.

The rules of this Code which regulate activities of legal entities which are commercial organizations shall apply to activities of such organizations if the law of the Republic of Kazakhstan is applicable, unless it otherwise ensues from legislation of the Republic of Kazakhstan or essence of an obligation.

Article 1102. The Participation Of The State In Civil And Legal Relations With Foreign Elements

1. The rules of this section shall apply to civil and legal relations with foreign elements with participation of the state on the general basis, unless it is otherwise provided for by legislative acts.

2. In civil-law relations with a foreign element the Republic of Kazakhstan shall use juridical immunity concerning itself and the property from jurisdiction of courts of other state, including judicial immunity, immunity from maintenance of the claim and immunity from compulsory execution of the judicial certificate if unless otherwise established:

In the international contract of the Republic of Kazakhstan;

In the written agreement which is not the international contract of the Republic of Kazakhstan;

By the legal statement or the notice in writing within the limits of concrete trial.

Footnote. Article 1102 is the wording of the Law of the Republic of Kazakhstan dated 05.02.2010 № 249-I

Paragraph 2. Personal Non-Property Rights

Article 1103. Protection Of Personal Non-Property Rights

The law of the country where an action or any other circumstance has taken place which serves as the basis for claim to protect such rights shall apply to personal non-property rights.

Paragraph 3. Transactions, Representation, Limitation Period

Article 1104. Form Of A Transaction

1. Form of a transaction shall be subject to law of the place where it was carried out. However, transactions carried out abroad may not be recognized as invalid in consequence of non-compliance with its form if the requirements of law of the Republic of Kazakhstan are complied with.

2. Foreign economic transactions to which at least one of the parties is a legal entity of the Republic of Kazakhstan or a citizen of the Republic of Kazakhstan shall be carried out in writing irrespective of the place of conclusion of the transaction.

3. Form of a transaction with regard to immovable property shall be subject to law of the country where that property is located, and with regard to immovable property which is entered into the State Register in the Republic of Kazakhstan - to law of the Republic of Kazakhstan.

Article 1105. Power Of Attorney

Form and the validity period of power of attorney shall be determined in accordance with law of the country where power of attorney was issued. However, power of attorney may not be recognized as invalid in consequence of non-compliance with the form provided the latter complies with the requirements of law of the Republic of Kazakhstan.

Article 1106. Limitation Period

1. The statute of limitation shall be determined in accordance with law of the country that is applicable for regulation of relevant relation.

2. The requirements to which the statute of limitation shall not apply shall be determined in accordance with law of the Republic of Kazakhstan where at least one of participants of

relevant relation is a citizen of the Republic of Kazakhstan or a legal entity of the Republic of Kazakhstan.

Paragraph 4. Property Rights

Article 1107. General Provisions Concerning Law Applicable To Property Rights

1. The right of ownership and other property rights to immovable and movable assets shall be determined in accordance with law of the country where those properties are located, unless it is otherwise provided for by legislative acts of the Republic of Kazakhstan.

2. The recognition of properties as movable or immovable assets as well as other categorization of assets shall be determined in accordance with law of the country where those properties are located.

Article 1108. Emergence And Termination Of Property Rights

1. Emergence and termination of property rights to properties shall be determined in accordance with law of the country where those properties were located at the moment when the action or any other circumstance has taken place which served as the base for emergence or termination of property rights, unless it is otherwise provided for by legislative acts of the Republic of Kazakhstan.

2. Emergence and termination of property rights to properties which are a subject of transaction shall be determined in accordance with law of the country to which that transaction is subordinated, unless it is otherwise stipulated by the contract of the parties.

3. The emergence of the right of ownership with regard to assets in consequential of prescription shall be defined by law of the country where the property was at the moment of termination of the period of prescription.

Article 1109. Property Rights To Transport Vehicles And Other Properties Which Are Subject To Entering Into State Register

Property rights to transport vehicles and other properties which are subject to the state registration shall be determined in accordance with law of the country where those transport vehicles or property are entered into the State Register.

Article 1110. Property Rights To Movable Properties In Route

The right of ownership and other property rights to movable properties which are en route under a transaction shall be determined in accordance with law of the country from which those assets were shipped, unless it is otherwise stipulated in the contract of the parties.

Article 1111. Protection Of Property Rights

1. The law of the country where properties are located or law of the country of the court shall apply to the protection of the right of ownership and other property rights at the discretion of an applicant.

2. Law of the country in which those properties are located shall apply to the protection of the right of ownership and any other property rights to immovable properties. With regard to assets, which are entered into the State Register of the Republic of Kazakhstan, law of the Republic of Kazakhstan shall apply.

Paragraph 5. Contractual Obligations

Article 1112. Selection Of Law By Agreement Of Contractual Parties

1. A contract shall be regulated by law of the country selected by agreement of the parties, unless it is otherwise stipulated in legislative acts of the Republic of Kazakhstan.

2. An agreement of the parties concerning selection of applicable law must evidently express or directly ensue from provisions a contract and circumstances of business being considered in total.

3. The parties to a contract may select applicable law both for the contract as a whole and for its separate parts.

4. The selection of applicable law may be made by the parties to a contract at any time both when entering into the contract and subsequently. The parties may also at any time agree to alter the law applicable to the contract.

Article 1113. The Law Applicable To A Contract When There Is No Agreement Of The Parties

1. When there is no agreement of the parties to a contract with regard to law which is applicable to that contract the law of the country shall apply where a party defined as follows was found or has the place of residence or principal place of business:

1) seller - in a purchase and sale contract;
2) donator - in a donation contract;
3) lessor or landlord - in the contract of property lease (lease);
4) lender - in the contract of charge-free properties use;
5) contractor - in a contract;
6) carrier - in a transportation contract;
7) forwarding agent - in a transport forwarding contract;
8) creditor - in a loan or other credit contract;
9) agent - in an agency agreement contract ;
10) commissioner - in a commission contract;
11) custodian - in a custody contract;
12) insurer - in an insurance contract;
13) guarantor - in a guarantee contract ;

14) pledger - in a pledge contract;

15) licenser - in a license contract on use of exclusive rights.

2. Law of the country where that property is located shall apply to the rights and obligations under the contract the scope of which is property as well as under the contract on property trust management, and with regard to property which is entered into the State Register of the Republic of Kazakhstan law of the Republic of Kazakhstan.

3. If there is no consensus of the parties to a contract with regard to applicable law irrespective of the provisions of paragraph 1 of this Article the following shall apply:

1) to contracts on joint activities and construction contracts the law of the country where such activities are carried out or results are created as stipulated in the contract.

2) to the contract concluded in accordance with results of an auction (tender, auction) or at an exchange - the law of the country where the auction takes place or an exchange is located.

4. To the contracts which are not listed in paragraphs 1, 3 of this Article when there is no consensus of the parties on applicable law the law of the country shall apply where the party which carries out execution which has decisive significance for the contents of such contract is founded, has place of residence or principal place of business. If it is impossible to determine execution which has principal significance to the contents of the contract the law of the country to which the contract is the most closely related shall apply.

5. The law of the place of carrying out formal acceptance with regard to such formal acceptance of execution under the contract shall be taken into consideration, since the parties did not agree otherwise.

6. If commercial terms accepted in international turns of speech are used in the contract then when there are no other indications it shall be considered that the parties have agreed to apply usual business turns of speech to their relations which exist with regard to appropriate commercial terms.

Article 1114. The Law Applicable To The Contracts On Creation Of A Legal Entity With Foreign Participation

1. The law of the country where a legal entity is to be founded or has been founded shall apply to the contracts on formation of a legal entity with foreign participation.

2. Relations being regulated by this article shall comprise relations associated with creation and termination of a legal entity, transfer of share of participation in it and other relations between participants of a legal entity connected with their mutual rights and obligations (in particular those determined by subsequent contracts).

3. Provisions of this Article shall apply also in the case of establishing mutual rights and obligations of participants of a legal entity with foreign participation by other foundation documents.

Article 1115. The Sphere Of Application Of Applicable Law

1. The law, which is applicable to contracts by virtue of provisions of this paragraph, shall comprise in particular the following:

1) interpretation of the contract;

2) the rights and obligations of parties;

3) execution of the contract;

4) consequences of a failure to execute or improper execution of the contract;

5) termination of that contract;

6) reasons and consequences of invalidity the contracts;

7) assignment of claims and transfer of debt in connection to the contract.

2. With regard to method and procedure for execution as well as measures which must be taken in the case of improper execution, except for applicable law also the law of the country in which execution takes place shall be taken into account.

Paragraph 6. Non-Contractual Obligations

Article 1116. Obligations Of Unilateral Acts

The law of the place of carrying out an act shall apply to obligations of unilateral acts (public promise of award, activities in somebody else interests without instruction etc.). The place of carrying out a unilateral act shall be determined in accordance with the law of the Republic of Kazakhstan.

Article 1117. Obligations In Consequence Of Causing Harm

1. The rights and obligations under commitments which emerge in consequence of causing harm shall be determined in accordance with the law of the country where the action took place or any other circumstances which cause aa the basis for claims to compensate for harm.

2. The rights and obligations under commitments which emerge in consequence of causing harm abroad where the parties are citizens or legal entities of the same state shall be determined in accordance with the law of that state.

3. Foreign law shall not apply if an action or other circumstances that serve as the basis for claims to compensate harm in accordance with legislative acts of the Republic of Kazakhstan is not unlawful.

Article 1118. Responsibility For Loss Caused To A Consumer

At a consumer's discretion to claims on compensation of losses caused to the consumer in connection with purchase of goods or rendering of services shall apply the following:

1) the law of the country where the place of residence of the consumer is located;

2) the law of the country where the place of residence or location of a manufacturer or person who has rendered the service is;

3) the law of the country where a consumer has purchased goods or where the service has been rendered to him.

Article 1119. Unreasonable Enrichment

1. To circumstances, which emerge in consequence of unreasonable enrichment, the law shall apply of the country where the enrichment took place.

2. If unreasonable enrichment emerges in consequence of cessation of the basis according to which property was purchased or saved an applicable law shall be determined in accordance with the law of the country to which that basis was subject.

3. The concept of unreasonable enrichment shall be defined in accordance with the law of the Republic of Kazakhstan.

Paragraph 7. Intellectual Property

Article 1120. The Rights To Intellectual Property

1. The law of the country where protection of such rights is sought shall apply to intellectual property rights.

2. Contracts having the rights to intellectual property as a scope shall be regulated by law being determined in accordance with the provisions of this section concerning contractual obligations.

Paragraph 8. Inheritance Law

Article 1121. Relations Connected With Inheritance

The relations connected with inheritance shall be determined in accordance with the law of the country where an estate-leaver had the last permanent place of residence, since it is not otherwise provided for by Articles 1122 and 1123 of this Code, if the estate-leaver did not select in his will the law of the country to which he is a citizen.

Article 1122. The Capability Of Persons With Regard To Drawing Up And Renunciation Of Wills, Forms Of Wills And Acts Of Their Renunciation

Capability of a person to draw up or renounce a will as well as the form of the will and act of its abolition shall be defined in accordance with the law of the country where a testator had permanent place of residence at the moment of drawing up the act, unless the testator selected in the will the law of the country to which he was a citizen. However, a will or its abolition may not be recognized as invalid in consequence of a failure to comply with the form if the latter satisfies the requirements of the law of the place of drawing up an act or with requirements of the Republic of Kazakhstan.

Article 1123. Inheritance of Immovable Property and Property Which is Subject to Entering into the State Register

The inheritance of immovable property shall be determined in accordance with the law of the country where this property is located and property that was entered into the State Register in the Republic of Kazakhstan in accordance with the law of the Republic of Kazakhstan. The same law shall define the persons' capability to draw up or abolish wills as well as forms of the latter if specified assets are bequeathed.

Article 1123. Inheritance Of Immovable Property And The Property Which Is Subject To Inclusion In The State Register

Inheritance of immovable property is determined by the law of the country where the property is located, and the property, which is registered in the public register of the Republic of Kazakhstan - by the law of the Republic of Kazakhstan. The same right is determined by the ability of a person to make or revoke a will, and the form of the latter if bequeathed the specified property.

Paragraph 9. Guardianship and Tutelage

Article 1124. Guardianship And Tutelage

1. Guardianship and tutelage over minors, incapable full age persons or full age persons who have limited capabilities shall be established and abolished according to individual law of a person with respect to whom guardianship and tutelage are established or abolished.

2. A tutor's (guardian) duty to take guardianship (tutelage) shall be determined according to individual law of a person who is appointed as a tutor (guardian).

3. Legal relations between a tutor (guardian) and a person being under guardianship and tutelage shall be determined according to the law of the country an institution which has appointed the tutor (guardian). However, in the case of a person being under guardianship and tutelage resides in the Republic of Kazakhstan then the law of the Republic of Kazakhstan shall apply if it is more favorable for this person.

4. Guardianship and tutelage established over citizens of the Republic of Kazakhstan who reside beyond the boundaries of the Republic of Kazakhstan shall be recognized as valid in the Republic of Kazakhstan if there are no objections based on the law of an appropriate consular institution of the Republic of Kazakhstan against establishing guardianship and tutelage or against its recognition.

President of
the Republic of Kazakhstan

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