

On investment funds

Unofficial translation

The Law of the Republic of Kazakhstan dated 7 July, 2004 № 576.

Unofficial translation

Footnote. Heading is in the wording of the Law of the Republic of Kazakhstan dated 04.07.2018 № 174-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Footnote. Throughout the text, the word "revocation" is replaced by the word "withdrawal", by Law of the Republic of Kazakhstan No 222 dated 12 January, 2007 (shall be enforced upon expiry of 6 months after the day of its first official publication).

Throughout the text, the words "by the affiliated," "of the affiliated" shall be replaced accordingly with the words "by the affiliated," "of the affiliated" in accordance with the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Footnote. The preamble is excluded by Law of the Republic of Kazakhstan № 205-VIII of 30.06.2025 (shall be effective sixty calendar days after the date of its first official publication)

Chapter 1. General provisions

Article 1. Basic terms and definitions, used in this Law

The following terms and definitions are used in this Law:

1) joint stock investment fund – a joint stock company whose sole activity, in accordance with the requirements established by this Law and its investment declaration shall be accumulation and investment of money, invested by the shareholders of the company for payment of its shares and other assets obtained as a result of transformation of a legal entity into a joint stock investment fund, as well as assets received as a result of such investment;

2) a diversification – is the asset allocation of an investment fund in various financial tools and other property in order to reduce the risk of reducing their cost;

3) a management company – is a professional participant of the securities market, involved in managing the investment portfolio on the basis of a license, issued by the authorized body;

3-1) venture fund - a particular partnership or legal entity in the form of a joint stock company or economic partnership, carried out procurement and accumulation of money and other property solely for the purpose of venture financing;

4) real estate fund – a joint stock investment fund, whose sole activity, in accordance with the requirements established by this Law and its investment declaration shall be accumulation and investment of money, invested by the shareholders of the company for payment of its shares and other assets obtained as a result of transformation of a legal entity into a real estate fund, as well as assets received as a result of such investment into real estate and other property, permitted by this Law;

5) an investment policy statement – is a document, defining the list of investment objects, goals, strategies, conditions and restrictions of investment activities in respect of the assets of an investment fund, the terms of hedging and diversification of the fund's assets;

6) investment income – is an increase of assets of the investment fund in cash, resulting from their investment;

7) an investment fund – is a joint stock or shared investment fund, created in accordance with this Law;

8) the assets of an investment fund – are a range of assets owned by the joint stock investment fund or a part of a shared investment fund;

9) the net asset value of the investment fund – is the monetary expression of value of the assets of the investment fund, defined as the difference between the value of all the assets of the investment fund and its liabilities or the accrued expenses, covered by the assets of the investment fund;

10) a shared investment fund – is the money, received as payment for the units and other assets acquired as a result of their investment, owned under the common share ownership by the holders of the units and managed by a management company;

11) the rules of shared investment fund – are the document that defines the objectives, conditions, functioning and termination of shared investment fund;

12) an investment decision – is a decision on transaction with the assets of an investment fund, taken during the management of its assets;

12-1) a market maker - an organization providing services for announcing and maintaining quoted prices for a financial instrument in accordance with the internal documents of the stock exchange;

13) a share – is a registered equity security of a non-documentary form, confirming its share of ownership in a mutual investment fund, the right to receive the money, obtained from the sale of the shared investment fund's assets and (or) other property in the case provided for in this Law, during its liquidation, as well as other rights, associated with the special activities of shared investment funds, defined by this Law;

14) a holder of a share – is a person, having an account in the shareholders register system of a shared investment fund or the nominal holding register system and having the rights on the units of shared investment fund;

15) buying-out of a unit – is the withdrawal of a share from circulation through paying of its cost by the management company to holder, calculated in accordance with this Law and the rules of shared investment fund;

16) the estimated cost of a unit – is a monetary value of the unit's cost, determined through dividing the net asset value of shared investment fund by the number of its outstanding shares;

17) the nominal value of a share – is the monetary value of the share's cost at the initial allotment of the units of a mutual investment fund;

18) initial allotment of units – is the period of the units placement at par value in order to create a minimum amount of assets of shared investment fund;

19) a trust management agreement – is the agreement on management of the investment portfolio, constituting the assets of an investment fund to be concluded by a management company with a joint stock investment fund or with an investor of shared investment fund on transference of the money to discretionary management in accordance with the requirements, established by this Law;

20) authorized body is a state body exercising state regulation, control and supervision of the financial market and financial organizations.

Footnote. Article 1 is in the wording of Law of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); as amended by Laws of the Republic of Kazakhstan No524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication); No 30-V dated 05.07.2012 (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2018 № 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2018 № 174-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 2. Legislation of the Republic of Kazakhstan on investment and venture funds

Footnote. Heading of Article 2 is in the wording of the Law of the Republic of Kazakhstan dated 04.07.2018 № 174-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

1. The Legislation of the Republic of Kazakhstan on investment and venture funds shall be based on the Constitution of the Republic of Kazakhstan and consists of the Civil Code of the Republic of Kazakhstan, this Law and other regulatory legal acts of the Republic of Kazakhstan.

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

3. The legislation of the Republic of Kazakhstan on securities market and on joint stock companies is applied to the investment funds, unless otherwise provided by this Law.

4. The Legislation of the Republic of Kazakhstan on securities market, economic partnerships, limited and additional liability partnerships and on joint-stock companies applies to venture funds, unless otherwise provided by this Law.

5. The norms of this Law and regulatory legal acts of the authorized body, the National Bank of the Republic of Kazakhstan, adopted in accordance with this Law shall apply within the limits provided for by the conditions of the special regulatory regime to management companies engaged in asset management of investment funds within the framework of the special regulatory regime introduced in accordance with the Law of the Republic of Kazakhstan "On State Regulation, Control and Supervision of Financial Market and Financial Organizations".

Footnote. Article 2 as amended by the Law of the Republic of Kazakhstan dated 04.07.2018 № 174-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 3. Subject of regulation of this Law

1. This law regulates the legal relationships:

1) related to the peculiarities of the legal status and activities of joint stock investment funds;

2) arising during creation, functioning and liquidation of mutual investment funds;

3) related to the activities of professional participants of the securities market for investment management of assets of investment funds, their accounting and keeping, as well as issuance, placement, circulation, repurchase and redemption of securities of investment funds;

4) related to specifics of legal status and activities of venture funds.

2. This Law shall not apply to the relationship on trust management of property, implemented by other persons, except for the management companies and venture management, the activities of which shall be governed by other legislative acts of the Republic of Kazakhstan.

3. This Law shall not apply to organizations, whose more than fifty percent of the voting shares are owned by a national management holding company under the right of ownership or trust management, the list of which shall be approved by the central authorized state planning body, except for cases when they create venture funds.

Footnote. Article 3, as amended by Laws of the Republic of Kazakhstan No 135-IV dated 13.02.2009 (See Art. 3 for the enactment procedure); No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2018 № 174-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 19.04.2023 № 223-VII (shall be enforced ten calendar days after the date of its first official publication).

Article 3-1. Main objective, tasks and principles of state regulation in the field of investment and venture funds

1. The main purpose of state regulation in the field of investment funds shall be to establish the legal basis for the creation, operation, reorganisation and liquidation of a joint-stock investment fund, the creation, operation and termination of a mutual investment fund and the activities of professional securities market participants to ensure the functioning of investment funds, as well as the legal status and organisation of venture funds.

2. The main objectives of state regulation in the field of investment and venture funds shall include:

1) setting standards for the activities of professional securities market participants in investment asset management of investment funds, their accounting and custody, as well as regulations on the activities of a venture manager;

2) ensuring the effective functioning of investment and venture funds;

3) concentration of oversight resources on the activities of professional participants in the securities market related to ensuring the functioning of investment funds;

4) establishing the specifics of contracts concluded for venture financing purposes;

5) ensuring an appropriate level of protection of the rights and legitimate interests of shareholders of joint-stock investment funds, holders of units of mutual investment funds, shareholders and participants of venture funds, completeness and accessibility of information for consumers concerning the activities of investment and venture funds, professional securities market participants engaged in investment asset management of investment funds, and venture managers engaged in asset management of venture funds.

3. The main principles of state regulation in the field of investment and venture funds shall include:

1) efficient use of regulatory resources and tools;

2) transparency of the activities of investment and venture funds, professional securities market participants in ensuring the functioning of investment funds and venture managers in asset management of venture funds;

3) efficient functioning of investment and venture funds.

Footnote. Chapter 1 has been supplemented by Article 3-1 under Law of the Republic of Kazakhstan № 205-VIII of 30.06.2025 (shall come into force sixty calendar days after the date of its first official publication).

Article 4. Types of investment funds

1. In the Republic of Kazakhstan, the following types of investment funds are functioning:

1) a joint stock investment fund;

1-1. Is excluded by the Law of the Republic of Kazakhstan dated 02.07.2018 № 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

2) a mutual investment fund, which can be created in the following ways – open, interval or closed.

1-1. Real estate fund provides its shareholders with the opportunity to receive dividends on the shares at least once a year. The minimum amount of the money, intended for payment of dividends, shall not be less than ninety per cent of the net income of the fund.

2. An open-end shared investment fund provides its unit holder with the right to demand repurchase of his share by a management company in the cases, under the conditions and in the order, prescribed by this Law and the regulations of the investment fund, but not less than once every two weeks.

3. An interval shared investment fund provides its unit holder with the right to demand repurchase of his share by a management company in the cases, under the conditions and in the order, prescribed by this Law and the regulations of the investment fund, but not less than once a year.

4. A closed-end mutual investment fund provides its shareholder with the right to participate in a general meeting of the unit holders of the fund, as well as to receive dividends on the unit under the conditions and in the order, prescribed by the rules of the fund.

A legal entity, financial tools and (or) other issued (provided) assets that are included in the assets of a closed-end shared investment fund and are the five or more percent of the amount of its assets, may not be the holder of the units of the investment fund.

The holder of units of the closed-end investment fund may not require the management company to repurchase the units, owned by him, unless otherwise provided by this Law and the rules of the fund.

5. An investment fund, the investment declaration or the rules of which provide an opportunity to invest the fund's assets without complying with the investment conditions, established by Subparagraphs 6) and 9) of Paragraph 1 of Article 41 of this Law shall be the fund of risk investment.

6. Investment funds of risk investment can only be the joint stock or closed-end shared investment funds. Real estate funds may not be the risk investment funds.

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

Footnote. Article 4, as amended by Laws of the Republic of Kazakhstan No 182 dated 07.07.2006 (see Article 2 for the enactment procedure); No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); № 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.; dated 02.07.2018 № 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 4-1. Islamic investment funds

1. Islamic investment fund is a joint stock investment fund or a closed-end mutual investment fund that invests in the fund's assets in compliance with the principles of Islamic financing.

2. A custodian is a representative of holders of Islamic securities of Islamic investment funds.

3. Investment policy statement of an Islamic investment fund must comply with the principles of Islamic financing and be agreed with the Council for Islamic financing principles.

Footnote. The Law is supplemented by Article 4-1 in accordance with Law of the Republic of Kazakhstan No 133-IV dated 12.02.2009 (See Article 2 for the enactment procedure).

Article 5. Names of investment and venture funds

Footnote. Heading of Article 5 is in the wording of the Law of the Republic of Kazakhstan dated 04.07.2018 № 174-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

1. The name of a joint stock investment fund shall contain the words "joint stock investment fund".

1-1. The name of joint-stock investment fund which is a real estate fund shall contain the words "real estate fund".

2. The name of an investment fund of risk investing shall specify in the title that this fund is a fund of risk investing.

3. The name of a share investment fund shall contain the words "a share investment fund", and an indication of whether it is open, interval or closed.

3-1. The name of an Islamic investment fund shall specify in the title that this fund is an Islamic fund.

3-2. The name of venture fund shall contain the words "venture fund".

4. In the names of investment and venture funds it shall be prohibited to use the words "national", "central", "governmental", "guaranteed" or "insured" in the specified or another modified form in any language. The names of investment and venture funds shall not approve or imply insurance or income guarantee of investments.

5. A legal entity not registered with the State Corporation "Government for Citizens" (hereinafter referred to as - the Corporation) as a joint stock investment fund and which did not register issuance of shares of the investment fund with the authorized agency, and did not conclude a trust management contract with a management company shall not be entitled to call itself an investment fund, to act as an investment fund and use the words "investment fund" in their names in any combinations.

If, within two months from the date of termination, cancellation or expiration of a trust management contract, concluded between a joint stock investment fund and its management company, the joint stock investment fund will not conclude a trust management contract with a new management company, the joint stock investment fund shall be re-registered in the Corporation in connection with the change of its name.

Failure by the joint-stock investment fund to re-register with the Corporation within the time period specified by this Law shall be the basis for its compulsory liquidation in the procedure established by Article 15 of this Law on the suit of any of the interested parties.

Footnote. Article 5, as amended by Laws of the Republic of Kazakhstan No 182 dated 07.07.2006 (see Article 2 for the enactment procedure); No 133-IV dated 12.02.2009 (see Article 2 for the enactment procedure); № 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.; № 422-V dated 24.11.2015 (shall come into force since 01.01.2016); dated 04.07.2018 № 174-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.04.2019 № 241-VI (shall be enforced from 01.07.2019).

Article 6. Management of investment fund's assets

1. Investment management of assets of an investment fund is performed by a management company in order to generate income by shareholders or holders of units of the investment fund and to provide risk reduction for such investment.

Joint stock investment fund has no right to manage its investment portfolio by itself.

2. The assets of a joint stock investment fund are divided into property, intended for investment and the property, intended for functioning of the joint stock investment fund and its bodies, in a ratio, determined by the charter of the joint-stock investment fund.

The assets of the joint stock investment fund, designed for investment, should be transferred to the investment management to the management company.

3. During the term of the trust agreement to manage the assets of the joint stock investment fund, intended for investment, the joint stock investment fund is not entitled to make any transactions with the property, which is under the trust management.

Footnote. Article 6 is in the wording of Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 7. Requirements to the audit

1. Audit of a joint stock investment fund, and (or) a management company of an investment fund shall be conducted by an audit organization, entitled for the audit in accordance with the Legislation of the Republic of Kazakhstan on audit activities and the requirements of Paragraph 2 of Article 55-1 of the Law of the Republic of Kazakhstan "On Securities Market".

An audit of a joint-stock investment fund and the management company of this investment fund is carried out by the same audit organization if the joint-stock investment fund and this management company are affiliated with respect to each other.

2. An auditor's report does not constitute a commercial secret.

3. Annual audit reports of a joint-stock investment fund and (or) a management company of an investment fund shall contain an independent opinion of audit organization on the financial statements of joint stock investment fund, and (or) the management company of investment fund and information on the results of inspection for compliance with the

requirements of the Legislation of the Republic of Kazakhstan on the order of record keeping and reporting in respect of the investment fund's assets, transferred (received for) to the investment management.

Footnote. Article 7 is in the wording of Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (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 02.07.2018 № 168 -VI (shall be enforced from 01.01.2019); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Chapter 2. Joint stock investment fund

Article 8. Requirements to founders and shareholders of a joint stock investment fund

1. Legal entities, registered in offshore zones, the list of which is established by the authorized body, may not be the founders or shareholders of a joint stock investment fund.

2. A management company, a custodian, a registrar, a central depository, an audit organization and an appraiser, who signed agreements with the investment fund, may not be the shareholders of a joint stock investment fund.

The prohibition of the first part of this paragraph shall not apply to the shareholders of a joint stock investment fund of risk investing.

Footnote. Article 8, as amended by Law of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019).

Article 9. Requirements for joint stock investment funds

1. A joint stock investment fund is not entitled:

- 1) to perform other activities, other than those, specified in this Law;
- 2) to introduce the "golden share";
- 3) to establish subsidiaries;
- 4) to issue and allot other financial tools, other than the ordinary shares.

The prohibition, established in Subparagraphs 3) and 4) of Paragraph 1 of this Article shall not apply to joint-stock investment funds of speculative investment and real estate funds.

Real estate funds may establish subsidiaries, whose main activity is to serve immovable property, acquired by the assets of the real estate funds.

Real estate funds may rent out the real property, acquired at the expense of the fund's assets.

2. Recording and keeping of property of joint stock investment fund intended for investment shall be carried out by a custodian in accordance with the custodian agreement.

3. The management company, the audit organization and the appraiser who entered into the relevant agreements with the joint-stock investment fund should not be affiliated with each other.

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

Footnote. Article 9 as amended by Laws of the Republic of Kazakhstan No 182 dated 7 July, 2006 (see Article 2 for the enactment procedure); No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); No 524-IV dated 28.12. 2011 (see Article 2 for the enactment procedure); dated 02.07.2018 № 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 10. The charter of a joint stock investment fund

The charter of a joint stock investment fund, in addition to the information, specified by the legislation of the Republic of Kazakhstan, shall contain:

1) a provision stating that the exceptional type of its activity shall be the investment in accordance with the terms of its investment declaration and the requirements, established by the Legislation of the Republic of Kazakhstan on investment and venture funds;

2) the types, the procedure for determining and the maximum amount of expenditures on maintenance of a joint stock investment fund and its bodies.

Footnote. Article 10, as amended by Laws of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2018 № 174-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 11. The state registration of issuance of shares of a joint stock investment fund

1. The state registration of the issuance of the shares of a joint stock investment fund is performed in accordance with the requirements, established by the legislation of the Republic of Kazakhstan on securities market and by this Law.

2. For the state registration of issuance of shares of joint stock investment fund, in addition to the documents, specified by the Legislation of the Republic of Kazakhstan, the draft agreements of joint stock investment fund with management company as well as the investment declaration, approved by the general meeting of the founders or the sole founder of joint stock investment fund.

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

4. Prospectus of share issue of a joint stock investment fund, in addition to the information, specified by the legislation of the Republic of Kazakhstan, shall contain:

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

2) the terms and the procedure for submission and execution of the applications for repurchase of the shares of a joint stock investment fund;

3) a list of mediators for allotment and (or) repurchase of shares of a joint stock investment fund (if any) with indications of their addresses and contact numbers.

5. The authorized body is entitled to deny the state registration of the share issue of a joint stock investment fund in case of non-compliance of the submitted documents with the requirements, established by the legislation of the Republic of Kazakhstan, or the presence of contradictory and misleading information in the submitted documents.

6. In a written form, the authorized body shall notify the applicant of the state registration refusal of the share issue of the joint stock investment fund, specifying the reasons for refusal.

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

Footnote. Article 11, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.); dated 02.07.2018 № 166-VI (order of enforcement see Article 2).

Article 12. Shares of joint stock investment fund

1. Shares of a joint stock investment fund are paid in cash only in the national currency of the Republic of Kazakhstan.

Incomplete payment for the shares when they are allotted is not allowed.

The requirement of part one of this Paragraph shall not apply to the cases of:

1) payment of shares of a joint stock investment fund during the reorganization of a joint stock company, carried out in the manner established by the Law of the Republic of Kazakhstan “On Joint Stock Companies”;

2) payment of shares of a joint stock investment fund under transforming a limited liability partnership, carried out in the manner established by the Law of the Republic of Kazakhstan “On limited and additional liability partnerships”;

3) conversion of securities into shares of a joint stock investment fund on the basis of the prospectus for issue of equity securities convertible into shares of a joint stock investment fund;

4) exchange of placed shares of a joint stock investment fund of one type for shares of this joint stock investment fund of another type on the basis of the charter of joint stock investment fund and the decision of general meeting of shareholders of joint stock investment fund.

When placing shares of joint stock investment fund in the cases provided by this Paragraph, an assessment shall not be required.

2. In order to pay the shares of a joint stock investment fund at their initial offering, the money is transferred by a buyer to the account of the joint stock investment fund in the custodian of the fund.

3. Shares of joint-stock investment funds of risky investment shall not be allowed for placement and circulation in the stock exchange trading system, except for cases when such

placement and circulation are carried out in accordance with the procedure and under the conditions established by the regulatory legal act of the authorized body.

Footnote. Article 12 as amended by the Law of the Republic of Kazakhstan dated 02.07.2018 № 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 13. Particularities of functioning of the bodies of a joint stock investment fund

1. A general meeting of shareholders of a joint stock investment fund may be attended by the representatives of its management company, a custodian, a central depository and an audit organization, as well as the authorized agency.

Written notifications on holding a general meeting of shareholders of a joint stock investment fund shall be sent to a management company, a custodian, a central depository, an audit organization of the fund and the authorized agency in the order, established by the Legislation of the Republic of Kazakhstan on joint stock companies and the charter of joint stock investment fund.

2. Decisions of the general meeting of the shareholders of a joint stock investment fund, allowing its shareholders to bring applications on repurchase of the shares of the fund, shall enter into force upon expiry of thirty calendar days from the date of the general meeting held.

3. Decision making on amendments and additions to the investment policy statement of the joint stock investment fund is under the competence of the board of directors of the joint stock investment fund.

4. At the first constituent meeting of the joint stock investment fund, in addition to the decisions on the matters, specified by the legislation of the Republic of Kazakhstan on joint stock companies, the decision on choosing a custodian is taken.

Footnote. Article 13, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.); dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019).

Article 14. Repurchase of the shares of a joint stock investment fund

1. A shareholder of a joint stock investment fund has the right to demand repurchase of his shares only if the general meeting of the shareholders made a decision on reorganization of the fund or amending the charter or the share issue prospectus of the fund, infringing his rights, if the shareholder has participated in the general meeting and voted against adoption of the decision, and in the case of a decision taken by the board of directors on amendments and additions to the investment policy statement on the issues, specified in subparagraphs 2) and 3), 5) and 6) of paragraph 1 of article 39 of this Law.

2. Prior to the enactment of the amendments to the investment policy statement, a joint stock company is obliged to repurchase the shares, presented for redemption under the terms and in the order, established by the legislation of the Republic of Kazakhstan on joint stock companies, by the charter or the share issue prospectus of the fund. The right of the

shareholders to demand redemption of the shares is terminated after these amendments' and additions' entry into force.

Footnote. Article 14, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 15. Reorganization and liquidation of joint stock investment fund

1. Reorganization and liquidation of a joint-stock investment fund are performed in the order, specified by the legislation of the Republic of Kazakhstan on joint stock companies, taking into account the specifications, provided in this Law.

2. In the case of a decision making on reorganization or voluntary liquidation, a joint-stock investment fund must notify the authorized body no later than five working days from the date of the decision taken by the general meeting of the shareholders of the joint stock investment fund.

The notification, referred to in this paragraph, shall be attached with a copy (the copies) of the decision (s), taken by the general meeting of the shareholders of the joint stock investment fund on reorganization or liquidation, a copy (the copies) of the charter (charters) of a newly established (created) joint stock investment fund (joint stock investment funds).

3. Compulsory reorganization and liquidation of a joint-stock investment fund are performed under the court decision in the order, established by the legislation of the Republic of Kazakhstan. The authorized body is entitled to apply to the court for compulsory liquidation of the joint stock investment fund on the grounds, stipulated by the legislative acts of the Republic of Kazakhstan.

4. In the event of a forced reorganization or liquidation under the court decision, within five working days from the date of the court decision's enactment, a joint stock investment fund sends a corresponding notification to the authorized body with the copy of the court decision attached.

Footnote. Article 15 is in the wording of Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.)

Chapter 3. Shared investment fund

Article 16. Legal status of a shared investment fund

1. A shared investment fund is not a legal entity.

A shared investment fund is established for an indefinite period, unless otherwise provided by the rules of the fund.

2. A share in the ownership of the assets of shared investment fund is certified by a share, issued by the management company.

Division of the assets of shared investment fund between the holders of its units and apportionment are not allowed, except for the case, specified in this Law.

3. The minimum amount of the assets of share investment fund shall be determined by the rules of share investment fund.

Footnote. Article 16, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.); dated 02.07.2018 № 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 17. Establishment of a shared investment fund

1. A decision to establish shared investment fund is taken by the board of directors of the management company of the fund, if its charter does not refer this issue to the exclusive competence of the general meeting of the shareholders of the management company.

A custodian, an audit organization and an appraiser may not be the holders of shares of the shared investment funds, managed by them in accordance with the existing agreements.

2. A management company is entitled to establish several open, interval or closed-end shared investment funds.

Shared investment funds of one type, established by a management company, must have different investment policy statements.

3. A management company cannot be a holder of units of the investment funds, the functioning of which is provided by the company in accordance with the concluded agreements.

A custodian, a registrar, an audit organization and an appraiser may not be the holders of units of the shared investment funds, managed by them in accordance with the existing agreements.

The requirement of part one of this paragraph shall not be applied to the cases when the management company becomes a shareholder of the fund managed by it as part of its functions performance as a market maker (in case the management company combines investment portfolio management activities with brokerage and (or) dealer activities). At the same time, the number of shares held by this management company must be less than ten percent of the number of all placed shares (with the exception of redeemed shares) of the fund managed by it.

Footnote. Article 17, as amended by Law of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 18. Uniting or changing the form of shared investment funds

1. Uniting of shared investment funds of one form is allowed under the conditions and in the order, established by the rules of the fund.

2. General meeting of holders of the units of a closed-end shared investment fund may take a decision to change the form of the fund into the open or interval mutual investment

fund, provided that the structure of the investment portfolio of the closed-end mutual investment fund meets the requirements, established by this Law, the normative legal acts of the authorized body and the rules of the investment fund in respect of the investment structure of the portfolio of the open and interval shared investment fund.

3. Changing the form of an open and interval shared investment fund into a closed-end mutual investment fund is not allowed.

Footnote. Article 18 is in the wording of Law of the Republic of Kazakhstan dated 28.12.2011 No 524-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 19. Trust agreement on management of the assets of shared investment fund

1. Under the trust agreement on managing the assets of a mutual investment fund, an investor transfers his money to the trust management to the management company in order to merge the money with the money of other investors in a mutual investment fund for their further investing in accordance with the rules of the fund.

2. A trust agreement to manage a mutual investment fund is a contract of adhesion, the terms of which are determined by the management company in the rules of the shared investment fund. The terms of the trust agreement to manage a mutual investment fund may be adopted by a holder of a share only through adherence to the contract as a whole.

3. In addition to the conditions, stipulated by the legislative acts of the Republic of Kazakhstan, the contract of trust management of shared investment fund shall contain:

1) the conditions and the order for termination of the contract and (or) the liquidation of the fund;

2) the conditions and the order for transfer of the fund's assets to another management company, fulfillment of the management company's obligations on liquidation of the fund, including in the cases of suspension or withdrawal of its license to manage the investment portfolio;

3) liability of the parties.

Article 20. The state registration of the issuance of the units of shared investment fund

1. The state registration of the issuance of shares of a share investment fund is carried out by the authorized body on the basis of the following documents submitted by the management company:

1) an application drawn up in any form, with consent to the use of information constituting a secret protected by the Law, contained in information systems, certified by electronic digital signature of an authorized person of the management company;

2) copies of the decision to establish a share investment fund adopted by the board of directors or the general meeting of shareholders (the sole shareholder owning all voting shares) of the management company in accordance with its charter;

3) the rules of the share investment fund approved by the board of directors of the fund, the board of directors or the general meeting of shareholders (the sole shareholder owning all voting shares) of the management company in accordance with its Charter;

4) Is excluded by the Law of the Republic of Kazakhstan dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019);

5) internal documents of the management company regulating the conditions and procedure of its activities, activities of structural divisions and employees of the management company to create, ensure the functioning and termination of the share investment fund that meet the requirements established by the legislation of the Republic of Kazakhstan on the securities market, if these documents were not previously agreed with the authorized body.

1-1. The application and necessary documents shall be submitted by the management company in electronic form.

1-2. The state registration of the issue of shares of the share investment fund shall be a set of measures related to the registration of the issue of shares, the introduction of amendments and (or) additions to the rules of the share investment fund.

1-3. The state registration of the issue of shares of a mutual investment fund shall include:

1) consideration of submitted documents for state registration of the issue of shares of the mutual investment fund for compliance with the legislation of the Republic of Kazakhstan;

2) entering information on the share investment fund, securities, including information on the international identification number (ISIN code), into the State register of equity securities;

3) sending the management company in electronic form:

certificates of state registration of the issue of shares of a share investment fund and the rules of the fund;

the rules of the share investment fund, taking into account amendments and additions and the certificate of state registration of the issue of share of the share investment fund (when registering amendments and additions to the rules of the share investment fund).

1-4. To agree on amendments and additions to the rules of the share investment fund, the management company shall submit the following documents to the authorized body in electronic form:

1) an application drawn up in any form, with consent to the use of information constituting a secret protected by the Law, contained in information systems, certified by means of an electronic digital signature of an authorized person;

2) the rules of the fund, taking into account amendments and additions;

3) a copy of the decision (protocol) or an extract from the minutes of the meeting of the body, on the basis of which amendments and additions were made to the rules of the fund.

3) amendments and additions to the rules of the share investment fund.

2. Is excluded by the Law of the Republic of Kazakhstan dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019).

3. Documents submitted for state registration of the issuance of shares of share investment fund shall be considered by the authorized agency within fifteen working days from the date of their submission.

4. In the process of state registration of the issuance of units, the authorized body shall agree:

- 1) the rules of a share investment fund;
- 2) internal documents of the management company that regulate the conditions and procedure for its activities, the activities of structural units and employees of the management company for establishment, operation and termination of a share investment fund that meet the requirements established by the legislation of the Republic of Kazakhstan on the securities market, if these documents were not previously agreed with the authorized body.

5. If the submitted documents comply with the requirements established by the legislation of the Republic of Kazakhstan, the authorized body shall send to the management company in electronic form:

certificate of state registration of the issue of shares and the rules of the share investment fund (at the state registration of shares of the share investment fund);

rules of a share investment fund, taking into account amendments and additions (when agreeing on amendments and additions);

certificate of state registration of shares of the share investment fund (when changing the management company and making appropriate amendments to the rules of the share investment fund).

6. Decisions of the authorized body on refusal in the state registration of the issuance of units of the share investment fund are taken in the following cases:

- 1) non-compliance of the submitted documents with the requirements established by the legislation of the Republic of Kazakhstan;

- 2) the presence of conflicting or unreliable information in the regulations of the share investment fund, amendments and additions thereto and other documents submitted for approval;

- 3) non-compliance of the activities of the management company with the requirements established by the legislation of the Republic of Kazakhstan.

7. The procedure for state registration of the issue of shares of mutual investment funds shall be determined by the regulatory legal act of the authorized body.

Footnote. Article 20, as amended by Laws of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication); No 422-V dated 24.11.2015 (shall come into force since 01.01.2016); dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 12.07.2022 № 138-VII (the procedure of entry into force, see Art. 2).

Article 21. A share of a mutual investment fund

1. A unit price and the number of the units, owned by one holder can be expressed by the broken numbers.

2. The acquisition of the share (unit) certifies an investor's joining to the contract of trust management of a mutual investment fund.

Alienation of a share by the holder means termination of the trust management contract.

3. Register system of the holders of the shares of share investment fund shall be kept by central depository.

Particularities of keeping the register of the holders of the shares of share investment fund , registration of transactions with the shares in the register system of the holders of the shares shall be determined by the internal documents of central depository.

4. Holders of units of a mutual investment fund are not liable for the obligations, arising in connection with the investment management of the fund's assets, and bear the risk of losses , including those, related to the changes of the market price of the units of the mutual investment fund, within the value of their own shares.

5. Shares of open-end mutual investment funds and risk investment mutual funds shall not be allowed for placement and circulation in the stock exchange trading system, except for cases when such placement and circulation are carried out in accordance with the procedure and conditions established by the regulatory legal act of the authorized body.

Footnote. Article 21, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.); dated 02.07.2018 № 166-VI (order of enforcement see Article 2); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 22. The rights of holders of units of shared investment fund

1. A holder of a unit of an open or interval shared investment fund may require the management company of the fund to repurchase his own unit under the terms and in the order , prescribed by this Law and the rules of the fund.

2. A holder of a unit of a closed-end shared investment fund has the right to attend the general meeting of the unit holders of the fund, the periodic receipt of the dividends on the share under the conditions and in the order, prescribed by the rules of the closed-end shared investment fund.

3. Holders of units of shared investment fund monitor the activities of the management company in accordance with the rules of the shared investment fund.

Article 23. Allotment of units of shared investment fund

1. The units (shares) of mutual investment funds shall be paid in cash only in the national currency of the Republic of Kazakhstan or in the currency in which the nominal value of the unit is expressed.

2. The money to pay the shares of a shared investment fund when they are placed is transferred to the account of shared investment fund in the custodian of the fund.

3. During the initial public offering, the units of shared investment fund are placed at a uniform nominal price for all investors, defined in the rules of the fund.

4. Initial placement of units of shared investment fund lasts no more than three months and begins on the date, specified in the rules of the fund.

The period of initial placement of the shares of share investment fund ends upon reaching the minimum amount of the assets of share investment fund, established by this Law.

5. In the end of the initial placement of shares of shared investment fund, the net asset value of the fund shall not be less than the minimum volume of assets of the shared investment fund.

Extension of the initial public offering of the units of shared investment fund is allowed once under the permission of the authorized body at the request of the management company, but for no more than three months.

6. Acquisition of units of shared investment funds is based on the applications of investors to purchase the shares.

Applications on purchasing the shares of shared investment fund are accepted and implemented by the management company or its representatives under the terms and in the order, prescribed by this Law and the rules of the fund.

The terms of transference of the shares to the account of the purchaser in the register of the unit holders are the availability of the application and the receipt of money. Transference of the units shall be performed no later than the first working day following the date of executing this condition.

When placing shares, the registration of transaction of crediting shares in the accounting system of the central depository to the personal account (subaccount) of the acquirer or to the personal account of the nominee holder shall be carried out on the basis of the order of the management company.

7. The price of the subsequent placement of the share shall be determined by the price established at the end of the previous day of receipt of money if there is an application. When an application is received after the receipt of money, the price of placement of the share is determined by the price established at the end of the previous day of receipt of the application. A surcharge can be added to the price of placing a share, if this is provided for by the rules of the fund.

8. Refusal to accept the applications for the purchase of shares of mutual investment funds is allowed only in the following cases:

1) non-compliance with the procedure and conditions for applications' submission, established by the rules of shared investment fund;

2) suspension of placement of the units of shared investment fund upon the decision of the authorized body or a management company;

3) failure to comply with other requirements, established by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 23 as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.); dated 02.07.2018 № 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 24. Redemption of units of an open or interval mutual investment fund

1. Redemption of units of an open or interval mutual fund is performed at the expense of the money available in the assets of shared investment fund or received from their sale, as well as the loans in accordance with the requirements, established by this Law.

2. Redemption of units is not permitted during the term of the initial placement of the shares of open or interval shared investment funds.

3. Claims for redemption of units of open or interval shared investment funds are submitted in the form of requests for redemption of units.

4. The requests for redemption of units of open or interval shared investment fund are accepted by the management company or by its representatives before the end of the working day preceding the date of redemption of units, under the terms and in the order, prescribed by this Law and the rules of the fund. Transfer of money to the applicant (including the money transaction to the account) is made on the day of redemption of the units.

5. Requests for redemption of units of open or interval shared investment fund are executed at a price, based on the estimated value of the share at the end of the working day preceding the date of redemption of units, with subtraction of discount, if it is provided by the rules of the fund.

6. The management company of an open or interval shared investment fund is obliged to repurchase the shares of the fund at the request of the holders at the price and the time periods, established by this Law and the rules of the fund.

When conducting redemption of units of shared investment at least once a month, the time limit of accepting applications for redemption of units shall be not less than three working days.

7. In the case of making amendments and additions to the rules of the open and interval shared investment fund, that infringe the interests of unit holders, the holders of the shares of this fund shall have the right to demand redemption of their shares within thirty calendar days before the date of enactment of these amendments and additions.

8. Acceptance of applications for redemption of units of open or interval shared investment funds may be refused in the following cases:

1) non-compliance with the procedure and conditions for applications' submission, established by the rules of the fund;

2) the decision making to suspend redemption of the fund's units in the order, provided by this Law.

9. The requirements of paragraphs 3, 4, 5, 6 and 8 of this Article shall not be applied to the redemption of shares of an open or interval mutual investment fund by means of their redemption on the stock exchange, provided that this redemption is carried out by the management company as part of its performance of function as a market maker (in case the management company combines investment portfolio management with brokerage and (or) dealer activities).

Footnote. Article 24, as amended by Law of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 25. Bonuses and discounts on subsequent placement or redemption of units of a mutual investment fund

1. The rules of a mutual investment fund may provide application conditions and the amount of bonuses to the calculated value of the units in their subsequent placement or the discounts for the estimated price of the units during their repurchase by the management company.

2. The maximum discount may not exceed three percent of the estimated value of the unit of the shared investment fund in its repurchase by the management company.

3. Discounts to the estimated value of the unit are not allowed during redemption of units of shared investment fund in the event of its liquidation, or because of changes and amendments made to the rules of the open and interval shared investment fund.

Article 26. Suspension of placement and redemption of units of a shared investment fund

1. Placement and (or) redemption of units of a shared investment fund shall be suspended:

1) upon the instruction of the authorized body in the cases of violating or inability to fulfill the requirements of the legislation of the Republic of Kazakhstan or contractual obligations by the persons, ensuring functioning of the shared investment fund, or by the persons that issued (provided) the financial tools, which are part of the assets of the shared investment fund;

2) by the management company in accordance with the rules of the open and interval shared investment fund.

2. With suspension of redemption of units of the open and interval shared investment fund, the placement of the units of fund shall be also suspended.

3. Placement and (or) redemption of units may be suspended for an indefinite period of time until the violations that caused the suspension are eliminated.

4. If case of the need to suspend placement and (or) redemption of units, on the same day, in a written form, the management company is to notify the authorized body about it with indication of the reasons for such suspension and the measures taken to eliminate them.

The management company shall inform the authorized body about the reopening of placement and (or) redemption on the day of the placement and (or) redemption beginning.

5. The authorized body may prohibit the management company to suspend placement and (or) redemption of units of a shared investment fund, if it does not meet the interests of the holders of units of the fund, and to prohibit reopening of placement and repurchase of the units until the circumstances that caused such suspension are eliminated.

6. The management company must suspend placement and (or) redemption of units of a shared investment fund from the moment of receiving a notice of the authorized body on suspension or revocation of the license of the management company or the custodian for implementation of relevant professional activities in the securities market before the date of renewal of the license, appointment of another management company, another custodian of the fund or the fund's liquidation.

7. In the rules of interval and closed-end shared investment fund, the management company may provide for suspension of placement of the shares for a specified period under the condition of mandatory reporting in the media about suspension of the placement not less than thirty calendar days before the date of suspension.

Footnote. Article 26, as amended by Laws of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); No 524-IV dated 28.12.2011 (see Article 2 for the enactment procedure).

Article 27. The rules of a shared investment fund

1. The rules of a shared investment fund should contain:

- 1) the full and the abbreviated name of the shared investment fund;
- 2) the full name and address of the management company of the shared investment fund;
- 3) the full name and address of the custodian of the shared investment fund, his rights and obligations;

4) Is excluded by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced from 01.01.2013);

5) the full name of the audit organizations, auditing the management company and the custodian of a shared investment fund;

6) investment policy statement;

7) the procedure and the terms of bringing the assets of the shared investment fund in compliance with the investment policy statement;

8) the period within which the shared investment fund operates, or an indication of its termless operation;

9) a contract of trust management of the assets of a shared investment fund;

10) description of the risks of investors when investing in the units of a shared investment fund;

11) the rights and obligations of the management company of a shared investment fund;

12) a nominal value of a unit of a mutual investment fund during the initial placement, which can be expressed in the national currency of the Republic of Kazakhstan or any other currency in which the nominal value of the unit is expressed;

13) the conditions and procedure for submission and execution of applications for the purchase of units of a shared investment fund;

14) the rights and obligations of the holders of units of a shared investment fund;

15) the accounting and assessment of the price of the assets of a shared investment fund and the estimated value of a unit;

16) the application conditions and calculation of bonuses to the estimated value of the units during their placement;

17) the types and the procedure for assessing the maximum amount of expenditures and remuneration of the management company and other persons, ensuring functioning of the mutual investment fund, which are to be paid at the expense of the assets of the fund;

18) the conditions and procedure for changing the management company or the custodian in cases of inability or refusal to further implement their activities to ensure the existence of a shared investment fund;

19) the conditions and procedure for suspension of the placement of the units of a shared investment fund;

20) the conditions and procedure for termination of the shared investment fund, including redemption of units at the fund's liquidation, with indication of the name of the printed media, where the data on liquidation of the shared investment fund must be published;

21) the conditions and procedure for reporting at the request of the unit holders;

22) the conditions and procedure for disclosure of information to the holders of shares about a shared investment fund, its rules and amendments in them, changes of the prices of the net assets of the fund and the estimated value of the unit, placement and redemption prices of the unit, as well as about the individuals, ensuring functioning of the shared investment fund and results of their activities;

23) the list of representatives of the management company on placement and redemption of units of a shared investment fund (if any) with the contact telephone numbers and the address provided.

2. The rules of an open or interval mutual investment fund, in addition to the information, required by paragraph 1 of this article, shall contain:

1) the conditions and the procedure for submission and execution of the application for repurchase of a share;

2) the conditions and the procedure for suspending redemption of units; 3) the application conditions and the order of discount calculation from the estimated value of a share during its repurchase by the management company;

4) the conditions and the procedure of amending and changing the rules of a mutual investment fund by the management company;

5) the terms of exchange of the shares at the request of their holders into the shares of another open or interval shared investment fund, which is under the trust management of the same management company, the terms and the procedure for exchange of the shares of the management company and the custodian of the fund, as well as the registrar;

6) the information about the media in which the information on a shared investment fund will be published, in accordance with this Law and the rules of the fund.

3. The rules of closed-end shared investment funds, in addition to the information, specified by paragraph 1 of this article, shall contain:

1) the conditions and the procedure for calculation, and payment of dividends on the shares;

2) the conditions, terms and procedure for convening and holding a general meeting of shareholders of a mutual investment fund, the procedure for determining the agenda, the quorum of a general meeting, representation at the general meeting, the procedure for voting, counting votes, drawing up the minutes of the general meeting.

Footnote. Article 27, as amended by Laws of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); No 524-IV dated 28.12.2011 (see Article 2 for the enactment procedure); dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 28. Amendments and additions to the rules of a shared investment fund

1. Amendments and additions to the rules of an open or interval share investment fund may be made upon the decision of the management company, if the possibility, conditions and procedure for their introduction are stipulated by the rules of this fund.

2. Amendments and additions to the rules of the closed share investment fund are made by decision of the general meeting of unit holders.

The holders of units that voted against introduction of amendments and additions to the rules of the closed share investment fund infringing their rights have the right to demand from the management company to repurchase their shares within thirty calendar days after publication in the printed media or receipt, in accordance with the rules of the fund, of the text of these amendments and additions with indication of their agreement with the authorized body, irrespective of whether the unit holder has the right to redeem the units in the fund rules

3. Amendments and/or additions to the rules of the share investment fund shall be subject to approval by the authorized body, except for amendments and/or additions to:

- 1) the name and (or) location of the management company;
- 2) the name and (or) location of the custodian;
- 3) the audit organizations of the management company and (or) the custodian, as well as changes in their name and (or) location;
- 4) the list of intermediaries for placement and redemption of shares of the share investment fund.

Amendments and/or additions listed in subparagraphs 1), 2), 3) and 4) of the first part of this paragraph shall enter into force in accordance with the rules established by the share investment fund.

4. During the initial placement of units of a shared investment fund, only amendments and/or additions specified in subparagraphs 1), 2), 3) and 4) of the part one of paragraph 3 of this article may be entered to the rules of the fund.

5. Amendments and additions to the rules of the unit investment fund shall be considered by the authorized body within fifteen working days from the date of their submission by the management company.

6. If the submitted documents comply with the requirements established by the legislation of the Republic of Kazakhstan, the authorized body shall send the fund rules to the management company in electronic form, taking into account amendments and additions.

Decisions of the authorized body on refusal to approve amendments and additions to the rules of the share investment fund shall be made in the following cases:

- 1) non-compliance of the submitted documents with the requirements established by the legislation of the Republic of Kazakhstan;

- 2) contradictory or misleading information about amendments and additions to the rules submitted for approval.

7. Amendments and (or) additions to the rules of open or interval share investment fund shall enter into force upon expiration of thirty calendar days after publication in the mass media or receipt by all the holders of shares in the procedure established by the rules of the share investment fund, of the text of these amendments and (or) additions, indicating their approval with the authorized agency in the cases provided by this Article.

If at the date of submission of amendments and (or) additions to the rules of the share investment fund, no share of this fund shall be placed, the amendments and (or) additions come into force from the date of approval of these amendments and (or) additions with the authorized agency or from the date of adoption of the decision on introduction of amendments and (or) additions specified in part one of Paragraph 3 of this Article.

Amendments and (or) additions to the rules of a closed-end share investment fund come into force in the manner provided by the rules of the closed-end share investment fund.

Footnote. Article 28, as amended by Laws of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); № 524-IV dated 28.12.2011 (shall be enforced from 01.01.2013); № 422-V dated 24.11.2015 (shall come into force since

01.01.2016); dated 02.07.2018 № 166-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (the procedure of entry into force, see Art. 2).

Article 29. Remuneration and costs, associated with functioning of a mutual investment fund

1. Types and procedure for determining the maximum amount of remuneration and costs, associated with functioning and liquidation of a shared investment fund, the conditions and the procedure for their payment at the expense of the assets of the fund are defined by the rules of a shared investment fund.

The types of remuneration and costs that are not defined in the rules of a shared investment fund are not recoverable at the expense of the assets of the shared investment fund

2. During the initial public offering of units of a shared investment fund, the management company's remuneration is accrued but not paid.

Payment of remuneration and costs of the period, related to the functioning of share investment fund, including payments for services of a custodian and a central depository shall be performed at the expense of own funds of the management company with the following reimbursement of its costs at the expense of the assets of the share investment fund. In cases of liquidation of a share investment fund before the end of the initial placement of its shares or because of non-compliance of its net asset value with the minimum amount after the initial placement of its shares, the management company takes the risk of loss to recover the costs, incurred during the initial placement of shares of the fund.

Footnote. Article 29 as amended by the Law of the Republic of Kazakhstan dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019).

Article 30. General meeting of the unit holders of a closed-end shared investment fund

1. General meeting of unit-holders is held in closed-end shared investment funds only.

2. The exclusive competence of the general meeting of the holders of the units of a closed-end shared investment fund includes the following matters:

- 1) making amendments and additions to the rules of the fund;
- 2) liquidation of the fund;
- 3) merging the fund with another closed-end shared investment fund or transference of the fund into the open or interval one;
- 4) changing of the management company or the custodian of the fund;
- 5) other issues in accordance with the rules of the fund.

3. The number of votes, granted to the holder of the units during the voting, is defined by the number of units, owned by him.

4. The general meeting of holders of units of a closed-end mutual investment fund has the right to take decisions when participating in the voting procedure of the unit holders or their representatives, owing at least two-thirds of the units of the fund on the date of the general meeting.

5. Decisions of the general meeting are taken by a simple majority vote of holders of the units of a closed-end shared investment fund or their representatives, participating in the general meeting.

6. The general meeting of the holders of the units of a closed-end shared investment fund may take a decision by the absentee ballot in the order, established by the rules of the fund.

7. The representatives of the management company, the custodian, the central depository and the authorized agency shall have the right to attend the general meeting of the shares holders of the closed-end share investment fund.

8. A copy of the minutes of the general meeting of the unit holders of a closed-end shared investment fund should be sent by the management company to the authorized body not later than three working days from the date of the general meeting, and submitted to the unit holders at their request.

Footnote. Article 30, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced from 01.01.2013); dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019).

Article 31. Convocation of a general meeting of the unit holders of a closed-end shared investment fund

1. A general meeting of the unit holders of a closed-end shared investment fund is convened by the management company at its own initiative or at the written request of the unit holders, constituting at least one-third of the total number of the units on the date of submitting the request to convene a general meeting of the unit holders of the fund.

When taking a decision to terminate the contract of trust management of a closed-end shared investment fund, the management company shall convene a general meeting of the unit holders to resolve the issue on transfer of the management of the fund's assets to another management company or on termination of the fund's activities.

2. The costs, associated with the convening and holding of the general meeting at the initiative of the management company, are covered by the management company. At that, the fund's rules may specify the cases when the costs of the management company, spent on holding the general meeting of the unit holders of the mutual investment fund at its own initiative, may be reimbursed by the fund's assets.

3. In the case of convocation of the general meeting at the initiative of the unit holders, constituting at least one-third of the total number of the units on the date of submitting the request to convene a general meeting of the unit holders of the fund, the costs, associated with the convening and holding of the general meeting shall be reimbursed from the assets of the shared investment fund.

4. A written request of unit holders to convene a general meeting of the holders of units of a closed-end shared investment fund must include the reasons for its convocation and the agenda of the general meeting.

A written request to convene the general meeting shall be sent to the management company, the custodian and the central depository of the share investment fund with simultaneous notification of the authorized agency.

5. Notification on convocation of a general meeting of the unit holders of a closed-end shared investment fund shall be published in accordance with the rules of the shared investment fund in the print media or delivered to each holder of units of the fund in accordance with the rules of the fund.

Footnote. Article 31, as amended by Law of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019).

Article 32. Reconvened general meeting of unit holders of a closed-end investment fund

1. A reconvened general meeting of the unit holders of a closed-end shared investment fund, held instead of the first meeting, failed due to the lack of quorum, shall be considered valid regardless of the number of the units, involved in such voting, except for the re-convened general meetings, the agenda of which include the decision on amending the rules of the closed-end shared investment fund or termination of its functioning.

2. In order to resolve the matters on making amendments and additions to the rules of a closed-end shared investment fund or termination of its functioning, the reconvened general meeting of the unit holders is entitled to take decisions, if, at the end of the registration (receipt of ballots for absentee voting), the holders or their representatives, in aggregate owing fifteen or more percent of the units on the date of the general meeting (absentee voting), have registered (submitted voting ballots) to participate in it.

3. A reconvened general meeting of the unit holders of a shared investment fund is held not earlier than fourteen calendar days after the date of the failed meeting with the same agenda.

Article 33. Grounds for liquidation of a shared investment fund

1. Liquidation of a shared investment fund is performed in the following cases:

1) the expiration of the term, established by the rules of the fund, for which the shared investment fund was created;

2) non-compliance of the net asset value of a shared investment fund at the end of the initial placement of the units with the requirement to the minimum amount of the shared investment fund's assets;

2-1) failure to comply with the condition, defined by paragraph 4 of article 23 of this Law in the end date of the initial placement of the units of the shared investment fund;

3) non-compliance of the net asset value of a shared investment fund as a result of fulfilling the applications for redemption of units with the requirement to the minimum amount of the assets of the mutual investment fund and failure to eliminate this discrepancy within two months from the date of its occurrence;

4) a decision making by the management company or the custodian to reject further management of the assets or accounting and recording the fund's assets due to the inability of further fulfillment of the obligations, taken under the contract, and if within three months from the date of the decision making, the amended rules of the shared investment fund have not entered into force, regarding the appointment of a new management company or a new custodian;

5) suspension of the license of the management company, the custodian for implementation of the relevant professional activities in the securities market, and if within three months the license has not been renewed or the amendments to the rules of the shared investment fund have not come into force, regarding the appointment of a new management company, a new custodian;

6) withdrawal of the license of the management company or the custodian for implementation of the relevant professional activities in the securities market, and if within two months from the date of withdrawal of the license, the amendments to the rules of the mutual investment fund have not come into force, regarding the appointment of a new management company or a new custodian;

7) a decision making by the general meeting of the unit holders of a closed-end shared investment fund on termination of its functioning;

8) on other grounds, stipulated by the legislative acts of the Republic of Kazakhstan.

2. When the ground for termination of the mutual investment fund's activity occurs, the disposal of the shared investment fund's assets is not permitted, except for implementing settlement with the creditors, payment of the costs, associated with the liquidation of the fund, and return of the remaining assets to the unit holders.

Footnote. Article 33, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (see Article 2 for the enactment procedure).

Article 34. Persons involved in liquidation of a shared investment fund

1. Activity of the shared investment fund is terminated by the management company. In order to liquidate a closed-end shared investment fund, the management company convenes and holds a general meeting of the unit holders.

2. In case of suspension or withdrawal of the license of the management company of the shared investment fund, the liquidation of the fund is performed by the custodian of the fund in the order, established by the normative legal acts of the authorized body.

3. In case of suspension or withdrawal of the license of the custodian, the liquidation of the fund is performed by the management company of the fund, regardless of the license's validity.

4. Upon termination of the unit investment fund, the management company and/or the custodian are obliged to carry out measures to sell the fund's assets, make settlements with the

creditors of the unit investment fund, pay expenses associated with the termination of the fund, and distribute the remaining money among the unit holders in accordance with the requirements of this Law and the fund rules.

In case of consent of the shareholders of the share investment fund, the management company and/or the custodian shall distribute the money remaining after payment of the expenses specified in sub paragraphs 1), 2), 3), 4) and 5) of paragraph 1 of Article 36 of this Law and transfer the assets that have not been sold to the unit holders in the manner prescribed by the rules of the investment fund.

5. The authorized body is entitled to send its representative to control the procedure of liquidation of the shared investment fund.

Footnote. Article 34, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 35. Liquidation of a shared investment fund

1. The management company or the custodian of a shared investment fund within three working days from the occurrence of the grounds for termination of the fund's activity must:

1) inform the unit holders, the authorized body, the organizations supporting the shared investment fund, the fund creditors and the parties of the outstanding transactions with the fund's assets about the liquidation of the shared investment fund, about the conditions and the procedure of the liquidation;

2) send a requirement to the central depository on termination of transactions on personal accounts in the register of shares holders of the fund with the date of terminating the registration of transactions in the register of shares holders.

The information about the liquidation of the shared investment fund and termination of the registration of transactions is notified to the said persons in the order and under the conditions, defined by the rules of the fund.

The deadline for the creditors' requests, which must be covered by the assets of the mutual investment fund, shall not be less than one month from the date of their notification on liquidation of the fund.

2. With the liquidation of the shared investment fund, before the end of its initial public offering of the units or non-compliance with the requirements of paragraph 4 of article 23 of this Law as of the end date of the initial placement of the units, the management company or the custodian are obliged to return the money to the holders of the units not later than ten days from the date of occurrence of the ground for the fund's liquidation.

3. The management company or the custodian shall take measures to identify the creditors whose claims are to be met at the expense of the fund's assets, and to receive the assets of the shared investment fund that were paid for but not registered (not registered as the fund's property) during its functioning.

4. Upon expiration of the submission period of the creditors' demands, which must be satisfied at the expense of the shared investment fund's assets, and prior the settlements with the said creditors, the management company and (or) the custodian of the fund submit the information to the authorized body about the composition and value of the assets of the shared investment fund, about the creditors' demands, about the paid, but not registered assets of the fund, as well as a report about the consideration of the submitted information and further actions.

Footnote. Article 35, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.); dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019).

Article 36. Execution of obligations upon liquidation of a share investment fund

1. The money received from the sale of the assets of a share investment fund, except for the case provided for in paragraph 2 of Article 35 of this Law, shall be distributed in the following manner:

1) first of all, the expenses of third parties are paid which ensured existence of a share investment fund and other creditors, the fund's obligations to which were formed prior to appearance of the grounds for termination of existence, as well as persons whose applications for purchase or redemption of units are partially executed (persons who paid the units, but not included in the register of the fund unit holders, and holders of units whose applications for redemption of units were accepted until the grounds for termination of the fund's existence appeared);

2) secondly, the payment of expenses of persons are made who provided the sale of assets and the redemption of units of the share investment fund at the time of termination of its existence, except for the management company and custodian of the share investment fund;

3) thirdly, the expenses of the custodian of the share investment fund are paid related to termination of the fund's existence in cases where termination of the fund's existence is carried out on the grounds that did not depend on the activity of the custodian, the operation of its custody license;

4) fourthly, the expenses of the management company of a share investment fund are paid related to termination of the fund's existence in cases where the fund ceases to exist on the grounds not depending on the activities of the management company, the operation of its license to manage the investment portfolio;

5) fifthly, the expenses of the central depository are paid related to termination of the fund's existence in cases where termination of the fund's existence shall be carried out on the grounds not depending on the activity of the central depository; 2) notifications of the central depository about the closure of the system of registers of share holders of this fund;

6) in the sixth place, the assets are distributed among the holders of the units.

2. When the share investment fund ceases to exist in the cases specified in subparagraphs 2) and 2-1) of paragraph 1 of Article 33 of this Law, the expenses of the management

company related to the procedure for termination of the fund's existence are not reimbursed from the assets of the share investment fund.

3. It is not reimbursed at the expense of the assets of the share investment fund upon termination of the existence of the share investment fund in connection with suspension (deprivation) of the license of the management company to manage the investment portfolio or its refusal from further trust management by the fund, as well as in connection with suspension (deprivation) of the license of the custodian of the fund for custodian activities or his refusal to further record and keep the assets of the fund, the expenses of the management company or Custodian related to the procedure for termination of the fund's existence.

4. Expenses associated with the discontinuation of the share investment fund, including the remuneration of the management company and the custodian, shall be compensated by the assets of the share investment fund in the amount not exceeding five percent of the amount of money received as a result of the sale of the assets of the share investment fund.

5. Within fourteen calendar days after completion of the settlement, the management company or custodian of the share investment fund, in accordance with this article, provides information to the authorized body on termination of the fund's existence with an attachment of:

- 1) notification of the custodian of the fund on distribution of all assets of this fund;
- 2) notification of the registrar about the closure of the system of registers of unit holders of this fund.

6. Documents submitted to the authorized body on termination of the share investment fund shall be considered within fourteen calendar days from the date of their receipt. In the event that the submitted documents comply with the requirements provided for in paragraph 5 of this article, the authorized body shall enter information on redemption of units to the State Register of Securities.

In the event that documents are not submitted or the information specified in paragraph 2 of this article is not provided in them, the authorized body refuses to terminate the share investment fund.

7. Decisions of the authorized body on refusal to take into account information on termination of the existence of a share investment fund are made in cases of inconsistency of the submitted documents with the requirements established by the legislation of the Republic of Kazakhstan.

In case of refusal to take into account information on termination of the share investment fund, the management company or the custodian of the share investment fund shall remove the remarks of the authorized body and re-submit the finalized documents to the authorized body within thirty calendar days from the date of receipt of the refusal.

Footnote. Article 36, as amended by Laws of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication); № 311-V dated 27.04.2015 (shall be put into effect upon expiration of ten

calendar days after the day of its first official publication); № 422-V dated 24.11.2015 (shall come into force since 01.01.2016); dated 02.07.2018 № 166-VI (shall be enforced from 01.01.2019); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Chapter 4. Composition and value of the assets of an investment fund

Article 37. Composition of the assets of an investment fund

1. The assets of joint-stock companies (apart from real estate funds) and share investment funds are the financial instruments.

2. Assets of real estate funds are financial instruments, as well as the following investment objects:

1) buildings and structures, as well as land plots;

1-1) objects of unfinished construction;

1-2) investment property recognized as such in accordance with international financial reporting standards;

2) production inventory and fixed assets necessary for maintenance of buildings and structures.

When investing assets of real estate funds in property (with the exception of securities and money), it is subject to mandatory evaluation by an independent appraiser.

3. The list of financial instruments that can be part of the assets of joint-stock and share investment funds, as well as the procedure for investing financial instruments and other assets included in the assets of the investment fund, are determined by the normative legal act of the authorized body and the investment declaration of the joint stock investment fund or the rules of the share investment fund.

4. Not less than eighty percent of the value of the net assets of the real estate fund must be the real estate.

Property included in the assets of the real estate fund must be insured and (or) the real estate fund should form a reserve fund to the size of these assets.

5. Not less than fifty percent of the investment income of the real estate fund at the end of financial year, net of revenue from the revaluation of real estate constituting the assets of the real estate fund, must be the income received as a result of rental of immovable property.

6. The following must not be a part of the assets of an investment fund:

1) shares or units issued by investment funds that are managed by the management company of this investment fund;

2) assets issued (granted) by the management company of this investment fund;

3) shares or interests in the authorized capitals of non-profit organizations;

4) financial instruments of one type (issuance) of one legal entity in the amount exceeding fifteen percent of the total number of placed financial instruments of this type (issuance),

except for government securities and agent bonds of financial agencies of the Republic of Kazakhstan.

The requirement of subparagraph 4) of part one of this paragraph shall not be applied to the investment funds of risk investing and real estate funds in terms of creating subsidiaries, the main activity of which is the maintenance of real estate acquired at the expense of assets of real estate funds.

7. The composition of assets of the real estate fund must be harmonized with the requirements of this article within twelve months from the date of registration of the issuance of shares of the real estate fund.

If as a result of any transactions with assets of the real estate fund or other cases, the requirements and (or) restrictions to the composition of the assets of the real estate fund will be violated, the real estate fund is obliged to notify the authorized body within one day following such an event and harmonize the composition of assets with the requirements of this article within six months from the date of such changes in the composition of assets of the real estate fund.

8. The total amount of investment of assets of investment funds managed by one management company and the assets of the management company in the voting shares of the licensees of the financial market should be less than the amount that requires the consent of the authorized body for their acquisition.

9. The total amount of investments at the expense of assets of the investment fund in financial instruments (except for money) issued (granted) by one person and his affiliated persons shall be established by the regulatory legal act of the authorized body.

9-1. The total amount of investments at the expense of assets of the investment fund in financial instruments issued (granted) by one person, more than fifty percent of the voting shares of which belong to the state or national management holding, or the national holding and its affiliated persons operating in the same sector of the national economy, shall be established by the regulatory legal act of the authorized body.

10. Prior to expiration of the initial placement of units of the share investment fund, its assets may be invested only in deposits of second-tier banks in the national currency of the Republic of Kazakhstan or in the currency in which the nominal value of the units is expressed.

The second-tier banks, in whose deposits the units of the share investment fund are placed before the expiration of their initial placement, must meet the following conditions:

- 1) shall not be affiliated with the management company of this share investment fund;
- 2) securities of second-tier banks should be included in the categories of stock exchange list, established by the normative legal act of the authorized body.

Footnote. Article 37 is in the wording of Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication), as amended by Law No 422-V dated 24.11.2015 (shall come into force since

01.01.2016); dated 21.01.2019 № 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.04.2019 № 241-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.07.2018 № 166-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 03.07.2019 № 262-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 38. Accounting and valuation of assets of an investment fund

1. Valuation of assets of an investment fund, net assets of an investment fund, the estimated value of the unit of a share investment fund and the repurchase price of the shares of the joint-stock investment fund shall be carried out on the terms and conditions and in accordance with the procedure established by the normative legal act of the authorized body.

2. Valuation of the assets of the investment fund is carried out in the national currency of the Republic of Kazakhstan.

3. The authorized body has the right to issue mandatory instructions for management companies in case of incorrectly applied valuation methods or incorrectly calculated assets of the investment fund, its net assets, the estimated value of the unit, the prices of subsequent placement or redemption of the unit, the repurchase price of the share of the joint-stock investment fund.

4. The order of accounting and preparation of financial statements of the joint-stock investment fund shall be established by normative legal acts of the central state body, regulating activities in the field of accounting and financial reporting.

Footnote. Article 38 is in the wording of Law of the Republic of Kazakhstan No 30-V dated 05.07.2012 (shall be enforced upon expiry of ten calendar days after its first official publication.); as amended by Law of the Republic of Kazakhstan No 422-V dated 24.11.2015 (shall come into force since 01.01.2016).

Chapter 5. Asset management of an investment fund

Article 39. Investment policy statement of an investment fund

1. Investment policy statement of an investment fund must include:

1) the full name of the management company, the custodian and the auditing organization of the investment fund, details of their licenses and location;

2) the order of recording and valuation of the assets of the investment fund;

3) the types, the procedure for determining and maximum amount of expenditures and remuneration, paid to the management company, the custodian and other persons, which are to be covered by the assets of the investment fund;

4) dividend policy, including the distribution of net income and minimum amount of money allocated for payment of dividends;

5) a description of the goals, objectives of the investment policy of the investment fund;

6) the list of investing objects of the investment fund, the types of transactions, the conditions and limits of investment;

7) the terms of hedging and diversification of the assets of the investment fund;

8) a description of the risks, associated with investing in the objects, defined by the investment policy statement, as well as the measures, aimed at their reduction; 9) restrictions on investment policy, provided by this Law and the normative legal act of the authorized body.

2. Amendments and additions to the investment declaration of the joint-stock investment fund shall be approved by the board of directors of this investment fund and submitted for registration to the authorized body in electronic form in the procedure determined by the regulatory legal act within three working days from the date of their approval.

Amendments and additions to the investment declaration of the joint-stock investment fund shall enter into force upon expiry of thirty calendar days after its publication in the print edition or receipt by all holders of shares in accordance with the procedure established by the charter of the fund of the text of these amendments and additions indicating their registration with the authorized body.

Footnote. Article 39 is in the wording of Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (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 02.07.2018 № 166 -VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.07.2022 № 138-VII (shall enter into force from 01.07.2023).

Article 40. Activities of a management company of an investment fund

1. The management company acts as a trustee for the investment fund for the benefit of the holders of the shares or units of the fund through taking actions in accordance with the requirements, established by this Law, normative legal acts of the authorized body, the trust agreement, the investment policy statement or the agreed rules of a shared investment fund.

2. The management company of share investment fund shall be a representative of the holders of shares of the fund at the general meeting of issuer's securities holders, which are included in the assets of the fund.

3. Under the conditions and in the order, prescribed in this Law, the trust agreement or the rules of the fund, the management company of an investment fund has the right to initiate amendments and additions to the investment policy statement or the fund's rules.

4. The management company has the right to act as a representative of the holders of units of a shared investment fund in connection with the investment management of the fund's assets, and to bring suits to the court for the benefit of the unit holders.

5. The management company of investment fund may be an insurance company licensed in life insurance industry.

6. If case of the property insufficiency of an investment fund, the debts, incurred in view of improper management of the property of the investment fund, may be paid only by the own property of the management company.

Footnote. Article 40, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.); dated 02.07.2018 № 166-VI (order of enforcement see Article 2).

Article 41. Prohibitions related to the asset management activities of an investment fund

1. The management company with respect to an investment fund managed by it, shall not be entitled:

1) to execute transactions, as a result of which the requirements, set up by the legislation of the Republic of Kazakhstan, the investment declaration or the rules of the investment fund will be violated;

2) to take investment decisions on the gratuitous alienation of the assets of the investment fund;

3) to use the assets of the investment fund to ensure performance of its own obligations or obligations of third parties not related to the asset management activities of this investment fund;

4) to sell (transfer) the assets belonging to it to the assets of the investment fund, with the exception of transactions concluded in the stock exchange trading system using the open auction method;

5) to sell assets on credit;

6) under the loan contracts to receive money or other property subject to return at the expense of the assets of the investment fund;

7) to acquire the assets of the investment fund, managed by it, except for the cases of reimbursement of expenses and receipt of remuneration in accordance with the trust management contract, investment declaration or investment fund rules, as well as reimbursement of the amount of money used by the management company for redemption of units of the open or interval share investment fund in compliance with the conditions specified in paragraph 2 of this article;

8) to acquire assets of another investment fund to the assets of the investment fund, managed by it;

9) at the expense of the assets of the investment fund to purchase the investment objects from the affiliated persons of the management company or sell them the assets of the investment fund, managed by this company, except for the transactions concluded in the trading systems of stock exchange by open bidding method;

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

11) is excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (

shall be enforced upon expiry of ten calendar days after the day of its first official publication);

11-1) to sell shares and units of the investment fund to legal entities, the financial instruments and (or) other assets issued (granted) by which are included in the assets of this closed share investment fund;

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

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

The requirements of Subparagraphs 5) and 11) of part one of this Paragraph shall not apply to transactions with financial instruments made in the trading system of stock exchange by open bidding method, using the services of a central counter-party.

1-1. The requirement of Subparagraph 6) of Paragraph 1 of this Article shall not apply to:

1) real estate funds subject to the conditions provided by part four of Paragraph 2 of this Article;

2) was valid until 01.07.2019 in accordance with the Law of the Republic of Kazakhstan dated 02.07.2018 № 166-VI;

3) cases of transactions with financial instruments in stock exchange trading system in accordance with investment declaration or investment fund rules;

4) cases of using borrowed money for repurchase of shares or units of investment fund in case of insufficient funds in the form of money for this fund subject to the conditions specified in Paragraph 2 of this Article;

5) issue and placement of debt securities by a joint stock investment fund.

1-2. For violation of the procedure and (or) conditions for transactions with financial instruments established by this Law, regulatory legal acts of the authorized agency, the management company shall be liable under the Laws of the Republic of Kazakhstan.

2. The total amount of debt due for repayment at the expense of the assets of the investment fund for any types of loans received for repurchase of shares or units should not exceed ten percent of the value of the net assets of the investment fund.

The term for borrowing funds for the repurchase of shares or units (including the extension period) may not exceed three months.

Payments of remuneration for the use of borrowed money intended for redemption of units of an open or interval share investment fund are carried out at the expense of the management company's own funds.

The total amount of debt due for repayment at the expense of assets of the real estate fund for any types of loans should not exceed sixty percent of the value of assets of the real estate fund.

Footnote. Article 41, as amended by Laws of the Republic of Kazakhstan No 182 dated 7 July, 2006 (see Article 2 for the enactment procedure); No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); No 101-IV dated 10.12. 2008 (shall be enforced from 01.01.2009); No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.); No 422-V dated 24.11.2015 (shall come into force since 01.01.2016); dated 02.07.2018 № 166-VI (order of enforcement see Article 2); dated 03.07.2019 № 262-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 42. Responsibilities of a management company of an investment fund

1. The management company of the investment fund must:

1) estimate the cost, record the movement, composition and value of the assets of the investment fund, as well as calculate the value of units for their subsequent placement or redemption;

2) perform separate accounting records maintenance of the assets of the shared investment fund and provide financial and other reporting on them in accordance with the requirements, established by the legislation of the Republic of Kazakhstan;

3) perform periodic, but not less than once a month, reconciliation of cost, movement and composition of the assets of the investment fund with the custodian;

4) periodically, but not less than once a month, to inform a joint stock investment fund or the holders of units of a shared investment fund about the composition and value of the net assets of the fund, as well as the estimated value of the unit of the shared investment fund in accordance with the trust agreement or the rules of the fund;

5) disclose information about the investment fund in accordance with the requirements, established by this Law.

2. When making transactions with the assets of the investment fund, the management company is obliged to indicate the name of the investment fund, in whose interests it works. In case of violation of this requirement the management company performs its obligations at their own expense.

3. Within three working days after the completion of the initial public offering of the units of a shared investment fund, the management company together with the custodian shall calculate the net asset value of a shared investment fund and submit a report on the initial placement of the units to the authorized body.

Footnote. Article 42, as amended by Law of the Republic of Kazakhstan No 30-V dated 05.07.2012 (shall be enforced upon expiry of ten calendar days after its first official publication.)

Chapter 6. Accounting and keeping of the assets of an investment fund

Article 43. Protection of assets of an investment fund

1. The assets of the investment fund are recorded and kept by the custodian separately from the custodian's own assets and the assets of its other customers.

2. In order to record and keep the assets of the investment fund, as well as for settlements on transactions related to the investment management of the fund's assets, the custodian opens (maintains) the accounts of the investment fund indicating that investment management of the accounts is carried out by the fund's management company.

3. Forfeiture of assets of the investment fund is not allowed for the obligations of the shareholder or unit holder, the management company or the custodian of the fund, including in cases of liquidation and / or bankruptcy of the listed entities.

For the obligations of shareholders or holders of investment fund units, the forfeiture may apply to their shares or units.

4. In cases when the management company or the custodian of the investment fund are recognized or declared bankrupt, the assets of the investment fund are not included in the assets.

Footnote. Article 43, as amended by the Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.); No 177-V dated 07.03.2014 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 44. Duties of a custodian of an investment fund

The custodian shall:

1) keep records of all operations for placement and redemption of shares and units of the investment fund;

2) to monitor transactions made by the management company with the assets of the investment fund for their compliance with the legislation of the Republic of Kazakhstan and promptly notify about the identified inconsistencies:

an authorized body;

a management company;

if it is a joint-stock investment fund, its executive body;

a stock exchange, if the transaction is made in its trading system;

3) to carry out record-keeping of the value, movement and composition of the assets of the investment fund, as well as the calculation of the value of the units for subsequent placement or redemption;

4) to carry out periodic, but at least once a month checking with the management company of the value, movement and composition of the assets of the investment fund;

5) upon termination of the custodial contract for registration and keeping of the assets of the investment fund to transfer the assets of the fund and documents of this fund to the new custodian;

6) to inform the authorized body in writing about the violations revealed by him in the activities of the management company of the investment fund not later than the next day from the moment of their revelation;

7) in the event that the management company of a share investment fund is deprived of the license to manage an investment portfolio, to choose a new management company for an open or interval share investment fund or convene a general meeting of unit holders of a closed share investment fund on terms and in accordance with the rules of the fund, or to cease the existence of a share investment fund.

Footnote. Article 44, as amended by Law of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); No 422-V dated 24.11.2015 (shall come into force since 01.01.2016).

Chapter 7. Disclosure of information about an investment fund

Article 45. Requirements to information about an investment fund

1. Information about the investment fund must comply with the requirements, established by the legislation of the Republic of Kazakhstan, the charter, the investment policy statement, the share issue prospectus of a joint stock investment fund and the rules of a shared investment fund.

2. Information about an investment fund must include:

1) the name of the investment fund, the name, the date of issue and the license number of its management company, the number and the date of registering the rules of a shared investment fund;

2) the data on the places (with addresses and phone numbers provided) where the detailed information about the investment fund can be received;

3) the information that the value of the shares or units may increase or decrease, the results of past investments are not indicative of the future incomes, the state does not guarantee the profitability of investments in investment funds, as well as a warning about the need to study the charter of the joint stock investment fund, its share issue prospectus and the investment policy statement, the rules of the shared investment fund before purchase of the shares or units of the shared investment fund.

3. Information about the investment fund and the management company shall not contain false or misleading information, as well as:

1) the guarantee of future profitability of the investment activities of the management company, including those based on the data on its actual activities in the past;

2) announcement of the factors that are able to influence significantly the results of the investment activities of the management company, related to a particular event or the period of time that has passed more than three years ago;

3) comparing the results of the investment performance of the management company, which are not based on actual calculations of profitability and the net asset value of the investment fund;

4) statements about the future investments, containing the guarantees on the investments safety and stability of the amount of probable revenues or costs, associated with these investments;

5) exaggerated or unsubstantiated statements about the management skills and characteristics of the management company as well as their relationships with the government agencies and other entities;

6) information on the return-on-investment activities of the investment fund for a period of less than twelve consecutive calendar months.

4. A joint stock investment fund, a management company in accordance with the laws of the Republic of Kazakhstan are responsible for the information about their activities, the indicators, characterizing the composition and value of the net assets of the investment fund, including for distribution or publication of inaccurate, incomplete or misleading information, as well as for its late distribution or publication.

5. Information about an investment fund of risk investing may not be published in the mass media, with the exception of the Internet resources of the management company and the stock exchange where the securities of this fund are traded, and distributed through outdoor (visual) advertising, except for cases of notification of shareholders and holders of shares on making changes and (or) additions to the rules of the fund, convening a general meeting of shareholders of a joint-stock investment fund and a general meeting of shareholders of a closed-end mutual investment fund, suspending the placement of shares, liquidating a joint-stock investment fund and terminating the existence of a mutual investment fund.

Footnote. Article 45, as amended by Law of the Republic of Kazakhstan No 88-IV dated 20.11.2008 (see Article 2 for the enactment procedure); No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication); dated 02.01.2021 № 399-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 46. Provision of information by a joint-stock investment fund or by a management company

Footnote. The title of Article 46, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.)

1. A joint stock investment fund, a management company and their representatives, in the places of accepting the applications for acquisition and (or) redemption of shares or units, are required to submit the following information to potential investors, shareholders or holders of units:

1) the charter, the investment policy statement, the prospectus of share issue of a joint stock investment fund or the rules of a shared investment fund, containing all the coordinated amendments and additions thereto;

2) the information on composition and value of the assets of the investment fund, the net assets of the investment fund, the estimated value of one unit as of the last date for which this information is determined;

3) excerpts from the audit reports of a joint stock investment fund, the management company of the investment fund with the results of inspection of their performance in the investment fund for the previous financial year;

4) information on possible and real amounts of remuneration and expenses of the joint-stock investment fund, the management company, the custodian and other entities, ensuring the investment fund's activity, to be recovered from the assets of the investment fund for each past period;

5) information on sanctions, supervisory response measures, administrative penalties and other measures of influence applied to the management company and the custodian of the investment fund in connection with their activities in the management, accounting and storage of the assets of the investment fund;

6) other information, distributed by the joint stock investment fund, the management company in accordance with the requirements, established by the legislation of the Republic of Kazakhstan, the share issue prospectus or the rules of the fund.

1-1. Information on the value and composition of assets and liabilities, the value of net assets of the investment fund, as well as the number of shareholders and profitability of shares shall be provided by the joint-stock investment fund or the management company in the manner, in the forms and within the terms established by the regulatory legal acts of the authorized body.

2. The information about the prices of placement and redemption of the shares or units of an investment fund, the method of estimating the value of one unit, the net assets value of the fund (including per share under its repurchase or per one unit) as of the last date for which this information is determined, about the timeframe, the start time and the deadline for accepting the application for purchase or redemption of shares or units, suspension or renewal of placement, redemption of shares or units of the fund, about the representatives during the placement and redemption of shares or units, should be provided to the potential investors, shareholders or holders of units under the conditions and in the order, specified in the charter, the share issue prospectus and the investment policy statement of the joint stock investment fund or the rules of a shared investment fund.

3. In the event of a decision making to suspend or reopen the placement and (or) redemption of the shares or units, the joint stock investment fund or the management company must publish (spread) this message with the reasons specified, within five calendar days from the date of the decision making.

Footnote. Article 46, as amended by Law of the Republic of Kazakhstan No 524-IV dated 28.12.2011 (shall be enforced upon expiry of ten calendar days after its first official publication.); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Chapter 7-1. Venture fund

Footnote. The Law is supplemented by Chapter 7-1 in accordance with the Law of the Republic of Kazakhstan dated 04.07.2018 № 174-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 46-1. Legal status of venture fund

1. A venture fund, created in the form of a particular partnership, begins its activity from the day its participants conclude an agreement on joint activities (hereinafter referred to as - the venture fund agreement).

2. The number of participants in a venture fund may not be less than two.

Article 46-2. Charter of venture fund

The charter of a venture fund created in the form of a legal entity, in addition to the information determined by the Legislation of the Republic of Kazakhstan, should contain a provision that its exclusive activities are the procurement and accumulation of money and other property for the purpose of venture financing in accordance with the requirements established by the Legislation of the Republic Kazakhstan on investment and venture funds.

The venture fund shall have the right to conclude bank deposit contracts with second-tier banks of the Republic of Kazakhstan.

Article 46-3. Venture fund contract

1. Under a venture fund contract, two or more persons shall undertake to pool their contributions and carry out joint venture for financing activities without forming a legal entity for profit. A venture fund contract shall be concluded on the basis of the principle of freedom of contract set forth in the Civil Code of the Republic of Kazakhstan, and may contain elements of various contracts, both provided and not provided by the Legislation of the Republic of Kazakhstan, but not contradicting it.

2. The parties participate in the venture fund contract to the extent and amount established by the Civil Code of the Republic of Kazakhstan, this Law and the venture fund contract, while one or more parties (venture managers) shall carry out the general business of the venture fund on behalf of all parties to such a contract.

3. Parties to the venture fund contract may be individuals, commercial organizations, as well as non-profit organizations, in cases established by the Laws of the Republic of Kazakhstan.

4. Foreigners, stateless persons, foreign legal entities, as well as foreign organizations that are not legal entities under foreign law participate as a party to the venture fund contract on an equal basis with citizens and legal entities of the Republic of Kazakhstan, unless otherwise provided by the Laws of the Republic of Kazakhstan and international treaties ratified by the Republic of Kazakhstan.

5. The venture manager shall not be entitled to participate simultaneously in two or more contracts of the venture fund, if at least one of them contains a ban on such participation. A venture fund contract concluded by the venture manager in violation of this limitation may be invalidated in court at the request of any other party to this contract with the obligation on the venture manager to compensate all parties to such a contract for losses incurred in connection with this.

6. The contract of the venture fund for the purpose of its individualization shall indicate the name (individual designation) of this contract, which includes the words "venture fund".

7. Transfer by a party to a venture fund contract of their rights and obligations under it to another person, including as a result of succession, as well as admission to the venture fund of a particular partnership of a new participant, shall not entail termination of the existing venture fund contract and conclusion between all its parties of a new venture fund contract.

Unless otherwise provided by agreement of the parties to the venture fund contract, the admission to the venture fund of a particular partnership of a new participant shall be carried out on the terms and conditions established by this contract by joining the whole person who intends to participate in the contract. In this case, an accession agreement shall be concluded between the venture manager and such a person that defining the conditions, procedure and terms for the contribution of the new venture fund participant to the common cause. However, amendments to the venture fund contract shall not be required.

Article 46-4. Venture Manager Activities

1. The venture manager shall be a legal entity carrying out venture fund asset management activities for the benefit of venture capital fund participants by taking actions in accordance with the requirements established by this Law and the contract concluded by venture fund participants. The venture manager can be a member of the venture fund.

2. The venture manager shall be a representative of the venture fund in connection with the fund asset management activities on the terms of a contract concluded with it. The venture manager shall also have the right to be a representative of the venture fund in court (arbitration).

3. The venture manager shall have the right to manage the assets of several venture funds, subject to the requirements of Paragraph 5 of Article 46-3 of this Law.

Article 46-5. Venture fund advertisement

1. Participants of venture fund and other persons shall not have the right to advertise on activities of venture fund in the mass media, on the objects of outdoor (visual) advertisement, and also to attract new participants through a public offer.

2. For the purposes of applying this Law, it shall not be an advertisement of venture fund to post information on venture fund on the Internet resource of a venture manager.

Article 46-6. Contract on the exercise of the rights of economic partnership participants

1. Participants of economic partnership, which is a venture fund or a person for whose activities venture financing shall be provided, entitled to conclude a contract on the exercise of the rights of economic partnership participants, under which they shall undertake to exercise their rights in a certain way and (or) refrain (refuse) from exercising these rights, including voting in a certain way at the general meeting of economic partnership participants, agree on a voting option with other participants of economic partnership, to sell a share or a part of a share at a price specified by the contract and (or) upon the occurrence of certain circumstances, or to refrain (refuse) from alienation of a share or a part of a share until certain circumstances occur, as well as carry out other coordinated actions related to managing the partnership, its creation, activities, reorganization and liquidation. Such a contract shall be concluded in writing by drafting one document signed by the parties.

2. A contract on the exercise of the rights of economic partnership participants (part or parts thereof) expires in the following cases:

1) expiration of the period for which a contract was concluded on the exercise of the rights of economic partnership participants (part or parts thereof);

2) conclusion of a new contract on the exercise of the rights of economic partnership participants, which contradicts the provisions of a previously concluded contract on the exercise of the rights of economic partnership participants (part or parts thereof) or which absorbs a previously concluded agreement on the exercise of the rights of economic partnership participants (part or parts thereof);

3) other cases provided by the contract on the exercise of the rights of economic partnership participants.

3. A contribution to the charter capital of economic partnership, which is a venture fund, may be, in addition to other property provided by the Legislation of the Republic of Kazakhstan, the right of claim of participants to a partnership on financial loans.

Article 46-7. Shareholders' agreement

1. Shareholders of a company that is a venture fund or a person for whose activity venture financing shall be provided entitled to conclude a shareholders' agreement.

2. For the purposes of this Law, a contract on the exercise of rights certified by shares and (or) the particularities of the exercise of rights to shares shall be recognized as a shareholders' agreement. Under a shareholders' agreement, its parties undertake to exercise in a certain way the rights certified by shares and (or) the right to shares and (or) to refrain (refuse) from exercising these rights.

A shareholders' agreement may provide for the obligations of its parties to vote in a certain way at a general meeting of shareholders, agree on a voting option with other shareholders, acquire or alienate of shares at a predetermined price and (or) in the event of certain circumstances, refrain (refuse) from the alienation of shares until certain circumstances, as well as carry out other actions in a coordinated manner related to the management of the company, its activities, reorganization and liquidation of the company.

A shareholders' agreement shall be concluded in writing by drafting one document signed by the parties.

3. The subject of a shareholders' agreement may not be the obligation of the parties to the shareholders' agreement to vote in accordance with the instructions of the governing agencies of the company in respect of the shares of which this agreement has been concluded.

4. A shareholders' agreement shall be binding only on its parties. A contract concluded by a party to a shareholders' agreement in violation of the shareholders' agreement may be invalidated by the court at the suit of the interested party to the shareholders' agreement only if it shall be proved that the other party to the contract knew or should have known about the restrictions provided by the shareholders' agreement.

5. A shareholders' agreement may provide for ways to ensure the fulfillment of obligations arising from a shareholders' agreement, and civil liability measures for non-performance or improper performance of such obligations.

The rights of the parties to the shareholders' agreement based on this agreement, including the right to demand compensation for damages caused by the violation of the agreement, to recover a penalty (fine, charge), payment of compensation (a fixed amount of money or amount to be determined in the manner specified in the shareholders' agreement) or application other measures of liability in connection with the violation of the shareholders' agreement shall be subject to judicial, arbitration and other protection provided by the Legislation of the Republic of Kazakhstan.

6. The shareholders' agreement (part or parts thereof) terminates in cases:

1) expiration of the period for which a shareholders' agreement was concluded (part or parts thereof);

2) conclusion of a new shareholders' agreement, which contradicts the provisions of a previously concluded shareholders' agreement (part or parts thereof) or which absorbs a previously concluded shareholders' agreement (part or parts thereof);

3) other cases provided by the shareholders' agreement.

Article 46-8. Option contract

1. Participants in a venture fund, persons intending to become participants in a venture fund, a venture fund, a start-up company for which venture financing shall be provided, and (or) participants (shareholders) of such a start-up company shall have the right to conclude option contracts between themselves regarding the assets of venture fund and (or) start-up company or participation in them.

A start-up company for which venture financing shall be provided, and (or) participants (shareholders) of such a start-up company shall also have the right to conclude option contracts with the employees of the start-up company regarding the property of the start-up company or participation in it.

For the purposes of this Law, an option contract shall be a contract, by virtue of which one party, on the terms provided by such a contract shall have the right to demand, from the other party (other parties), within the time established by the contract, the fulfillment of the actions provided in the option contract, including payment of money, transfer or acceptance of property. An option contract may provide that a claim under an option contract shall be deemed to be declared upon the occurrence of circumstances specified in such a contract.

The option contract shall be terminated if the requirement to perform the actions provided by the option contract shall not be stated within the prescribed period.

When concluding and executing an option contract, the requirements of Paragraph 1 of Article 16 of the Law of the Republic of Kazakhstan “On Joint Stock Companies” must be observed.

2. For the right to make a claim under an option contract, a party shall pay the payment provided by such a contract, unless the option contract, including between commercial organizations, provides for its gratuitousness or if the conclusion of such a contract shall be provided by another obligation or other interest protected by the Law, which appear in the relationship of the parties.

3. Upon termination of option contract, the payment provided by Paragraph 2 of this Article shall not be refunded, unless otherwise provided by the option contract.

Article 46-9. Option for conclusion of contract

1. Participants in a venture fund, persons intending to become participants in a venture fund, a venture fund, a start-up company for which venture financing shall be provided, and (or) participants (shareholders) of such a start-up company shall have the right to conclude agreement on granting of an option (right) to conclude a contract (option for conclusion of contract) between themselves regarding the property of venture fund and (or) start-up company or participation in them.

A start-up company for which venture financing shall be provided, and (or) participants (shareholders) of such a start-up company shall also have the right to provide an option for conclusion of a contract with the employees of such a start-up company in relation to the assets of the start-up company or participation in it.

For the purposes of this Law, an option for conclusion of a contract shall be a contract, by virtue of which one party, through an irrevocable offer, gives the other party the right to conclude one or more contracts on the conditions provided by the option for conclusion of a contract.

An option for conclusion of a contract may stipulate that acceptance shall be possible only upon the occurrence of a condition specified by such an option, including depending on the will of one of the parties.

When concluding and exercising an option for conclusion of a contract, the requirements of Paragraph 1 of Article 16 of the Law of the Republic of Kazakhstan “On Joint Stock Companies” must be observed.

2. In the case when the deadline for the acceptance of an irrevocable offer shall not be established by the option for conclusion of a contract, this period shall be considered equal to one year, unless otherwise follows from the nature of the contract or customs.

3. Unless otherwise provided by the option for conclusion of a contract, payment under it shall not be counted as payments under a contract concluded on the basis of an irrevocable offer and shall not be refunded in the event that there is no acceptance.

4. The option for conclusion of a contract must contain conditions allowing to determine the subject and other essential conditions of the contract to be concluded.

The subject of the contract to be concluded can be described in any way that allows it to be identified at the time of acceptance of the irrevocable offer.

5. The option for conclusion of a contract shall be in the form established for the contract to be concluded.

6. An option for conclusion of a contract may be included in another agreement, unless otherwise provided by the agreement or shall not follow from its nature.

7. The rights to an option for conclusion of a contract may be assigned to another person, unless otherwise provided by this agreement or shall not follow from its nature.

Article 46-10. Special considerations for contracts concluded for venture financing

1. A party that has concluded a contract for venture financing, reasonably based on the inaccurate assurances of the other party about the circumstances relevant to the conclusion of a contract, its performance or termination shall have the right to compensation for losses caused to it if:

1) the party that provided inaccurate assurances of circumstances knew or should have known about their unreliability and that the counterparty relies on such inaccurate assurances when concluding a contract on agreed terms;

2) assurances of circumstances are made in writing and contain the clear intention of the person who provided such assurances to thereby create obligations or other civil and legal consequences for themselves.

2. Recognition of a contract as invalid shall not prevent the occurrence of the consequences provided by Paragraph 1 of this Article.

3. The parties to the obligation, acting upon the implementation of venture financing, may stipulate in the contract the obligation of one party to compensate for the property losses of the other party that occurred in the event of circumstances specified in the contract and not related to violation of the obligation by the party (losses caused by the impossibility of

fulfilling the obligation, by presenting claims by third parties or state authorities to the party or third party specified in the contract, and others). The contract should determine the amount of compensation for such losses or the procedure for determining it.

4. The court shall have the right to reduce the limit of compensation for losses stipulated by the parties to the contract, if it is proved that the party intentionally contributed to the increase in the amount of losses.

5. Losses stipulated by the parties to the contract shall be compensated regardless of declare a contract not concluded and void, unless otherwise provided by the contract.

6. In the event that the loss occurred in connection with the unlawful actions of a third party, the creditor's claim for damages to the third party passes to the party that has compensated such losses.

7. The rules of this Article shall also apply in cases where the condition for reimbursement of losses shall be provided in a shareholders' agreement (a contract on the exercise of the rights of economic partnership participants) or a contract on alienation of shares or stakes in the charter capital of an economic partnership, including when a party to such a shareholders' agreement (contract on exercise of the rights of economic partnership participants) shall be an individual who that not a business entity, or the state.

Chapter 8. Final provisions

Article 47. Liability for breaking this Law

Violation of this law entails responsibility in accordance with the laws of the Republic of Kazakhstan.

Article 48. Concerning the annulment of the Law of the Republic of Kazakhstan "On investment funds in the Republic of Kazakhstan"

The Law of the Republic of Kazakhstan 6 dated March, 1997 "On investment funds in the Republic of Kazakhstan" (the Bulletin of the Parliament of the Republic of Kazakhstan, 1997, No 5, Art. 57; No 13-14, Art. 205, 1998, No 17-18, Art. 224, 2003, No 11, Art. 56) shall be deemed to have lost force.

*The President
of the Republic of Kazakhstan*