

On Microfinance Organizations

Unofficial translation

The Law of the Republic of Kazakhstan dated 26 November, 2012 № 56-V.

Unofficial translation

Footnote. The heading as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (effective from 01.01.2020).

This Law shall regulate public relations related to the provision of microloans, shall establish the peculiarities of the creation and reorganization of organizations engaged in microfinance activities, legal status, activities of organizations engaged in microfinance activities, and also shall define the peculiarities of state regulation of organizations engaged in microfinance activities, control and supervision of their activities.

Footnote. Preamble as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Chapter 1. GENERAL PROVISIONS Article 1. Basic concepts used in this Law

For the purposes of this Law, the following basic concepts are used:

- 1) excluded by the Law of the Republic of Kazakhstan dated 03.07.2020 № 359-VI (effective from 01.01.2021);
- 1-1) electronic trading platform for the sale of banking and microfinance assets an Internet resource that provides infrastructure for participants to conduct trades, operating in accordance with the Law of the Republic of Kazakhstan "On state regulation, control and supervision of the financial market and financial organizations";
- 2) credit dossier documents and information generated by an organization that carries out microfinance activities for each borrower;
- 3) a borrower an individual or legal entity who has entered into a microcredit agreement with an organization engaged in microfinance activities;
- 4) a microcredit money provided by an organization carrying out microfinance activities to the borrower in the national currency of the Republic of Kazakhstan in the amount and in the manner determined by this Law, on the terms of payment, urgency and repayment;
- 5) an organization engaged in microfinance activities a microfinance organization, credit partnership, pawnshop, carrying out activities for provision of microcredits;
- 6) excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.01.2021);

- 6-1) a major participant in an organization engaged in microfinance activities an individual or legal entity that owns directly or indirectly ten or more percent of the shares in the authorized capital or voting (minus preferred) shares of an organization engaged in microfinance activities;
- 6-2) flawless business reputation absence of an outstanding or unexpunged criminal record, including the absence of an effective court ruling on administering criminal punishment in the form of deprivation of the right to hold an executive employee position in a financial organization, banking and (or) insurance holding company and to be a major participant (major shareholder) of a financial institution for life;
- 7) an applicant an individual or legal entity that has submitted an application to a microfinance organization for a microcredit;
- 7-1) service company a subsidiary of the bank that acquires dubious and hopeless assets of a parent bank, a collection agency that shall have the rights under a trust management agreement (requirements) under bank loan agreements and/or microloan agreements (hereinafter referred to as the trust agreement) concluded with the person referred to in the first part of paragraph 4 of Article 36-1 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan" and (or) the first part of paragraph 5 of Article 9-1 of this Law, powers of trust management of rights (requirements) under bank loan agreements and (or) microloan agreements, including amendments to the terms of the bank loan agreement and (or) an agreement on the provision of a microloan, on the representation of the interests of the person with whom the trust agreement has been concluded, in court, on the receipt of money from the debtor and (or) other property and other powers provided for by this Law, other Laws of the Republic of Kazakhstan and a trust agreement;
- 7-2) consumer microcredit a microcredit that is not a microcredit secured by a mortgage of real estate, provided to an individual for the purchase of goods, works, services and (or) other purposes not related to the implementation of entrepreneurial activities;
- 8) an authorized body a state body exercising state regulation, control and supervision of the financial market and financial organizations.

Footnote. Article 1 as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 03.07.2020 № 359-VI (effective from 01.01.2021); dated 02.01.2021 № 399-VI (effective from 01.01.2021); dated 04.07.2022 № 133-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication); dated 19.06.2024 № 97-VIII (comes into force sixty calendar days after the date of its first official publication).

Article 2. Legislation of the Republic of Kazakhstan on microfinance activities

Footnote. The title of Article 2 as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

- 1. The legislation of the Republic of Kazakhstan on microfinance activities is 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. The laws of the Republic of Kazakhstan "On Joint- Stock Companies", "On Business Partnerships", "On Limited and Additional Liability Partnerships" and "On Credit Partnerships" apply to organizations engaged in microfinance activities, in the part not regulated by this Law.
- 3. If international treaties, ratified by the Republic of Kazakhstan established other rules, than those contained in this Law, the rules of international treaties shall be applied.
- 4. For microfinance organizations and other legal entities carrying out activities within the framework of a special regulatory regime introduced in accordance with the Law of the Republic of Kazakhstan "On state regulation, control and supervision of the financial market and financial organizations", 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, are applied within the limits provided for by the conditions of the special regulatory regime.
- 5. The provisions of this Law applicable to second-tier banks shall apply to branches of non-resident banks of the Republic of Kazakhstan opened on the territory of the Republic of Kazakhstan.

Footnote. Article 2 with the change introduced by the Law of the Republic of Kazakhstan dated 02.07.2018 № 168-VI (shall be enforced upon the expiration of ten calendar days from the date of its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (effective from 16.12.2020).

Article 2-1. Main objectives, tasks and principles of state regulation in the field of microfinance activities

- 1. The main objective of state regulation in the field of microfinance shall be to establish the legal framework for the conduct of microfinance activities.
 - 2. The main objectives of state regulation in the field of microfinance shall be:
- 1) regulation of organisations engaged in microfinance activities, establishment of activity standards, control and supervision of microfinance activities;
- 2) protection of the rights and legitimate interests of consumers of services offered by organisations engaged in microfinance activities.
 - 3. The main principles of state regulation in the field of microfinance shall be:
 - 1) effective use of resources and regulatory instruments;
 - 2) transparency of organisations engaged in microfinance activities;
 - 3) accountability of organisations engaged in microfinance activities.

Footnote. Chapter 1 has been supplemented by Article 2-1 pursuant to Law of the Republic of Kazakhstan N 205-VIII of 30.06.2025 (shall come into force sixty calendar days after the date of its first official publication).

Chapter 2. MICROFINANCE ACTIVITIES

Footnote. The title of Chapter 2 as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Article 3. Microfinance activities, procedure and conditions for provision of microcredits

Footnote. The title of Article 3, as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

- 1. is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).
 - 1-1. Microfinance activities include:
 - 1) the activities of credit partnerships to provide microcredits to their participants;
- 2) the activity of pawnshops on the provision of microcredits to individuals on the security of movable property intended for personal use, for a period of up to one year in an amount not exceeding eight thousand-fold monthly calculation index established for the corresponding financial year by the law on the republican budget;
- 3) the activities of microfinance organizations to provide microcredits to individuals and (or) legal entities with or without collateral in an amount not exceeding twenty thousand fold monthly calculation index established for the corresponding financial year by the law on the republican budget.
- 1-2. Organizations engaged in microfinance activities (hereinafter referred to as microfinance organizations), in addition to the activities specified in paragraph 1-1 of this article, are entitled to carry out the following operations:
- 1) attracting loans (except for attracting money in the form of a loan from citizens as entrepreneurial activity) from residents and non-residents of the Republic of Kazakhstan;
 - 2) investing own assets in securities and other financial instruments;
 - 3) provision of consulting services on the issues related to the provision of microcredits;
 - 4) to lease (rent) own property;
 - 4-1) sale of own property;
 - 5) implementation of leasing activities;
- 6) sale of special literature on the activities of microfinance organizations on any types of information carriers;
 - 7) performance of the functions of a paying agent and a paying subagent;
- 8) conclusion of insurance contracts on behalf of and at the instruction of insurance organizations residents of the Republic of Kazakhstan as an insurance agent;
- 9) performance of the functions of an agent of the electronic money system in accordance with the legislation of the Republic of Kazakhstan;
- 10) factoring operations: the acquisition of rights to claim payment from the buyer of goods (works, services) with the acceptance of the risk of non-payment;

- 11) forfeiting operations (forfeiting): payment of the promissory note of the buyer of goods (works, services) by purchasing a promissory note without recourse;
- 12) issuance to legal entities of guarantees, sureties and other obligations requiring execution in monetary form.
- 1-3. A microfinance organization that provides microcredits to individuals secured by movable property intended for personal use has the right to additionally register, store and sell jewelry containing precious metals and precious stones.
- 1-4. Microfinance organizations are prohibited from carrying out other entrepreneurial activities not provided for by this Law.
- 1-5. A microfinance organization may not provide microcredits to a citizen of the Republic of Kazakhstan from the date of placement of an announcement on completion of an out-of-court bankruptcy procedure or a judicial bankruptcy procedure as prescribed by the Law of the Republic of Kazakhstan "On the restoration of solvency and bankruptcy of citizens of the Republic of Kazakhstan", nor may it accept security from such persons in the form of a pledge, guarantees and sureties under microcredit agreements for five years.

The requirements of this paragraph shall not apply to microcredits provided by pawnshops secured by movable property not subject to state registration.

- 1-6. Microfinance organizations shall have the right to collect copies of identity documents of non-residents for the purposes provided for by this Law.
- 2. Microfinance organization shall have the right to extend microcredits only in existence of the rules of extension of microcredits, confirmed by its superior body.
- 2-1. Is excluded by the Law of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication).
- 3. Is excluded by the Law of the Republic of Kazakhstan dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016).
- 3-1. A microfinance organization has the right to provide microcredits electronically in the manner determined by the authorized body.
- 3-2. An individual may establish a voluntary refusal to receive microloans free of charge or withdraw it at a credit bureau, via the e-government web portal or the information systems of a microfinance organisation integrated with the services hosted on the e-government gateway.
- 3-3. A microfinance organisation shall be prohibited from granting microloans to an individual if there is information in their credit report, obtained by the microfinance organisation prior to making a decision on granting a microloan, indicating that they have voluntarily refused to receive microloans.

This prohibition shall not apply to cases where a microloan is issued by a pawnshop.

A microfinance organisation shall be prohibited from granting consumer microloans that are not secured by property subject to registration to an individual without the consent of their

spouse. The procedure for obtaining such consent and the minimum amount of the consumer microloan for which consent is required shall be established by a regulatory legal act of the authorised body.

A microfinance organisation may not conclude a contract for granting a consumer microloan not secured by collateral with an individual whose credit report does not contain data on previously obtained microloans and/or bank loans without the individual being physically present at the microfinance organisation. The minimum amount of a microloan under a consumer microloan agreement, for the conclusion thereof the personal presence of a natural person is required, shall be established by a regulatory legal act of the authorised body referred to in paragraph 3 of Article 4 hereof.

Where and in the manner prescribed by the regulatory legal act of the authorised body referred to in paragraph 3 of Article 4 hereof, a microfinance organisation shall enter into a contract for granting a consumer microloan not secured by collateral with an individual only after obtaining his or her consent to enter into such a contract. Should the aforementioned agreement be concluded via the Internet, consent to its conclusion shall be formalised at a credit bureau, on the e-government web portal, or via the microfinance organisation's IT facilities integrated with the services hosted on the e-government gateway.

The requirement set forth in part four of this paragraph shall not apply to cases where a microloan agreement is concluded and the amount of the consumer microloan is transferred to the bank account of the seller (supplier) of goods, works and services for the purpose of purchasing goods, works and services, the receipt thereof is confirmed by the borrower (buyer).

A microfinance organisation shall transfer money to a borrower under a consumer microloan not secured by collateral based on a microloan agreement concluded via the Internet, the amount thereof exceeding the minimum amount set by the regulatory legal act of the authorised body indicated in paragraph 3 of Article 4 hereof, subject to the following requirements:

- 1) no earlier than twenty-four hours after signing the agreement or increasing the microloan amount;
- 2) after the borrower has given their consent, upon expiry of the period specified in sub-paragraph 1) of this part, to receive a consumer microloan, formalised in line with the requirements set out in the regulatory legal act of the authorised body referred to in paragraph 3 of Article 4 hereof.

When several consumer microloans, unsecured by collateral, are provided to a borrower via the Internet, and the total amount of these loans exceeds the minimum amount set by the regulatory legal act of the authorised body referred to in paragraph 3 of Article 4 hereof, a microfinance organisation shall observe the requirement prescribed in sub-paragraph 1) of

part seven of this paragraph, pursuant to internal documents, with due regard to the requirements established by the regulatory legal act of the authorised body mentioned in paragraph 3-1 of this article.

The requirements envisaged in parts one, five and seven of this paragraph shall not apply to cases where the amount of a consumer microloan is transferred to the bank account of the seller (supplier) of goods, works and services for the purpose of purchasing goods, works and services, the receipt of which is confirmed by the borrower (buyer) and (or) the creditor for the purpose of repaying the borrower's microloan debt received from the same microfinance organisation.

Should a microfinance organisation issue a microloan without observing the requirement prescribed in part three of this paragraph, the microfinance organisation shall not be entitled to demand that the individual fulfil their obligations under such microloan. No later than three working days from the date of discovery of the fact that a microloan was issued without complying with the requirement set forth in part three of this paragraph, the microfinance organisation shall take the following measure:

decides to write off the customer's debt on such a microloan;

terminates debt collection and claims and litigation work on such a microloan of the customer;

makes adjustments to the customer's credit history in credit bureaus by removing records of the data on such a microloan;

refunds to the customer the previously withheld (paid) amounts of remuneration and (or) penalties on such a microloan.

The measures envisaged in part ten of this paragraph shall apply to cases where a microloan is issued without meeting any of the requirements set out in parts one, four, five, seven and eight of this paragraph, provided that the microfinance organisation receives procedural documents from law enforcement agencies as specified in part two of paragraph 3-4 of this article.

3-4. Upon finding unlawful access to information constituting a microloan secret, its unlawful alteration, unlawful actions by third parties, or other illegal (fraudulent) actions involving microloans to individuals, the microfinance organisation shall, within one working day, inform the customer and the authorised body thereof, take measures to eliminate the unlawful actions within two working days, and take measures to eliminate the consequences of such actions within ten working days.

Based on a submission made (issued) by law enforcement agencies under the Code of Criminal Procedure of the Republic of Kazakhstan to take measures to eliminate the circumstances that contributed to the commission of a criminal offence, or a ruling recognising the borrower – an individual – as a victim of a criminal offence related to the fraudulent issuance of a microloan, within three calendar days, the microfinance organisation shall:

suspenses debt collection and claims and litigation work on such a client's microloan; suspenses the accrual of remuneration and (or) penalties on such a client's microloan.

No later than ten working days from the date of receipt of a legally binding court order establishing that a microloan was fraudulently issued to a customer recognised as a victim in a criminal case as a result of the unlawful acquisition and use of the customer's identification details by a third party, including when applying for a microloan using remote management software for the remote provision of services by a microfinance organisation, or when a microfinance organisation breaches the procedure for biometric identification or the requirements for identification established by a regulatory legal act of the authorised body, recording and analysing internal and external fraud, a microfinance organisation shall decide to write off the customer's microloan debt and takes measures to return to the customer the amounts previously withheld (paid) under such microloan.

3-5. A microfinance organization is prohibited from concluding an agreement on the provision of a microloan with an individual via the Internet without conducting his biometric identification, the procedure for which is determined by the authorized body.

Should a microfinance organisation enter into a microloan agreement with an individual via the Internet without complying with the requirement set forth in the first part of this paragraph, the microfinance organisation shall not be entitled to demand the fulfilment of obligations under such a microloan and shall, no later than three working days from the date of discovery of the fact of the issuance of such a microloan, take the measures stipulated in part ten, considering the requirements of part eleven of paragraph 3-3 of this article.

3-6. Microfinance organisations shall be prohibited from providing microloans to military personnel serving in the Armed Forces of the Republic of Kazakhstan, other troops and military formations if there is any information on the conscription of such a military personnel for fixed-term military service in his/her credit report received by the microfinance organisation prior to making a decision on granting a microloan.

The exchange of information on military personnel called up for fixed-term military service, as well as their discharge, shall be effected via the interaction of the information systems of public authorities and credit bureaus under the procedure established by the authorised body in agreement with the Ministry of Defence of the Republic of Kazakhstan.

Where specified in the second part of this paragraph, the collection, processing and use of personal data shall be performed under the laws of the Republic of Kazakhstan.

Where a microfinance organisation grants a microloan to a conscripted military serviceman and there is information on the conscription of such a military serviceman for conscripted military service in his/her credit report received by the microfinance organisation prior to the decision to grant the microloan, the microfinance organisation shall not be entitled to demand the fulfilment of obligations under such a microloan and shall, no later than three working days from the date of revealing the fact of issuing such a microloan, take the measures envisaged in part ten of paragraph 3-3 of this article.

4. Is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

- 5. It is not allowed to index the obligation and payments under the agreement on granting a microcredit issued in tenge with reference to any currency equivalent.
- 6. A microfinance organization has no right to change the terms of the agreement on the provision of a microloan unilaterally, except in cases of their improvement for the borrower.

For the purposes of this paragraph, improving the terms of the agreement on the provision of a microloan for the borrower means:

- a downward change or complete cancellation of a penalty (fine, penalty);
- a downward change in the rate of remuneration under the agreement on the provision of a microloan.

deferment of payments on the principal debt and accrued interest under the microcredit agreement for a period that includes the period of compulsory military service and 60 days after its completion, without accrual of interest on the microcredit.

If the microfinance organization applies improving conditions, the borrower is notified of the change in the terms of the microcredit agreement in the manner prescribed in the microcredit agreement.

The borrower has the right, within fourteen calendar days from the date of receipt of the notification, to refuse, in the manner prescribed by the microcredit agreement, the improving conditions applied by the microfinance organization.

7. The microfinance organization is obliged to sell the following property by holding an auction on the electronic trading platform for the sale of banking and microfinance assets:

collateral property that previously served as security for the fulfillment of obligations under the microcredit agreement, which has become the property of the microfinance organization as a result of foreclosure;

property that has become the property of the microfinance organization as a result of the receipt by microfinance organization of the compensation in exchange for the fulfillment of the obligation under the microcredit agreement.

The property specified in part one of this paragraph must be sold by the microfinance organization within three years from the date of its transfer to the ownership of the microfinance organization, with the exception of a land plot owned by the microfinance organization. The term for the sale of a land plot is determined taking into account the features stipulated by the Land Code of the Republic of Kazakhstan.

The requirements established by this paragraph do not apply to pawnshops.

The property specified in part one of this paragraph, in the event of the auction being declared invalid, may be sold through a direct address sale in accordance with the rules for the trades on the electronic trading platform for the sale of banking and microfinance assets, approved by the regulatory legal act of the authorized body.

Footnote. Article 3 as amended by the Laws of the Republic of Kazakhstan dated 16.05.2014 № 203-V (shall be enforced upon expiry of six months after the day its first official publication); dated 24.11.2015 № 422-V (the order of enforcement see Art.2); dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 24.05.2018 № 156-VI (shall be enforced upon expiration of ten calendar days after the date of its first official publication); 02.07.2018 № 168-VI (shall be enforced dated 01.08.2018); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 02.01.2021 № 399-VI (effective from 01.01.2021); dated 04.07.2022 № 133-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication); dated 30.12.2022 № 179-VII (shall be enforced sixty calendar days after the date of its first official publication); dated 11.12.2023 № 44-VIII (effective sixty calendar days after the date of its first official publication); dated 19.06.2024 № 97-VIII ((for the procedure of implementation, see art. 2); № 205-VIII of 30.06.2025 (shall be enacted sixty calendar days after the date of its first official publication).

Article 4. Agreement on extension of microcredit

- 1. An agreement on provision of microcredit is concluded taking into account the requirements of the civil legislation of the Republic of Kazakhstan to the written form of the transaction.
- 2. Information on agreement on extension of microcredit, concluded by microfinance organization shall be subject to mandatorily provision to credit bureau with the state participation on conditions, determined the legislation of the Republic of Kazakhstan on credit bureau and formation of credit histories.
- 2-1. A microfinance organization has no right to provide a consumer microloan, the amount of which does not meet the requirements established by the regulatory legal act of the authorized body.

The requirements established by this paragraph do not apply to microloan agreements concluded by a pawnshop or credit union.

- 3. The regulatory legal act of the authorized body, with regard to the requirements established by the civil legislation of the Republic of Kazakhstan, shall approve the procedure for concluding a micro-loan agreement, including requirements for the content, form of the agreement and its first page containing information on the full microloan value (the amount of overpay on the microloan, the subject of the microloan), mandatory terms of the microloan agreement, as well as the form of the microcredit repayment schedule.
- 3-1. Excluded by the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII (enters into force sixty calendar days after the date of its first official publication).
- 4. Excluded by the Law of the Republic of Kazakhstan dated 02.07.2018 № 168-VI (shall be enforced dated 01.01.2019).

4-1. When assigning rights (requirements) under a microloan agreement to a third party, the requirements and restrictions imposed by the legislation of the Republic of Kazakhstan on the creditor's relationship with the borrower under the microloan agreement extend their effect to the borrower's legal relationship with the third party to which the rights shall be assigned (requirements) under the microloan agreement, and in case of transfer of rights (requirements) under the agreement on the provision of microloan to the trust management of the service company, the requirements and restrictions imposed by the legislation of the Republic of Kazakhstan on the relationship of the creditor with the borrower under the agreement on the provision of microcredit extend their effect to the legal relations of the borrower with the service company.

Violation by a third party to whom the rights (requirements) shall be assigned under the microloan agreement, as well as by the service company of the requirements and restrictions imposed by the legislation of the Republic of Kazakhstan on the relationship of the creditor with the borrower under the microloan agreement, entails liability established by the Laws of the Republic of Kazakhstan..

- 5. Excluded by the Law of the Republic of Kazakhstan dated 02.07.2018 № 168-VI (shall be enforced dated 01.01.2019).
- 6. When changing conditions for execution of an agreement on granting a microloan unrelated to pursuit of entrepreneurial activities, secured by a mortgage of immovable property, which is a dwelling and (or) a land plot with a dwelling located on it, issued to an individual, or when issuing a new microloan in order to repay the microloan, unrelated to pursuit of entrepreneurial activities, secured by a mortgage of immovable property, which is a dwelling and (or) a land plot with a dwelling located on it, issued to an individual, the capitalization (summation) of overdue remuneration, forfeits (fines, penalties) to the amount of the principal debt shall not be allowed.
- 7. When changing conditions for execution of an agreement concluded with an individual for a microloan unrelated to pursuit of entrepreneurial activities and unsecured by a mortgage of immovable property that is a dwelling and (or) a land plot with a dwelling located on it, or when issuing a new microloan in order to repay the microloan of an individual that is not associated with entrepreneurial activities and is not secured by a mortgage of immovable property that is a dwelling and (or) a land plot with a dwelling located on it, crediting of remuneration on capitalized (summed up) overdue remuneration, forfeits (fines, penalties) to the amount of the principal debt shall not be allowed.

Footnote. Article 4 as amended by the Laws of the Republic of Kazakhstan dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016); dated 06.05.2017 № 63-VI (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); the Law of the Republic of Kazakhstan № 168-VI dd. 02.07.2018 (shall be enforced dated 01.01.2019); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 24.05.2021 № 43-VII (enforcement Article 2); dated 04.07.2022 № 133-VII ((shall enter into

force upon expiry of sixty 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); dated 19.06.2024 № 97-VIII (enters into force sixty calendar days after the date of its first official publication).

Article 5. Annual effective rate of remuneration on microcredit

- 1. The size of the annual effective interest rate on a microloan shall not exceed the maximum amount determined by a joint regulatory legal act of the authorized body and the National Bank of the Republic of Kazakhstan.
- 2. Rules of calculation of annual effective rate of remuneration on extended microcredits shall be developed and confirmed by the authorized body.
- 2-1. A microfinance organisation shall be obliged to state the annual effective interest rate in microloan agreements, as well as when disseminating data on microloan interest rates, including when publishing such data.
- 3. is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 $\[Mathbb{N}\]$ 262-VI (shall be enforced from 01.01.2020).

Footnote. Article 5 as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 24.05.2021 № 43-VII (effective ten calendar days after the date of its first official publication); dated 19.06.2024 № 97-VIII (comes into effect sixty calendar days after the date of its first official publication); № 205-VIII of 30.06.2025 (shall become effective sixty calendar days after the date of its first official publication).

Article 6. Securing fulfillment of obligations by credited party under agreement on extension of microcredit

- 1. Fulfillment of obligations by credited party under agreement on extension of microcredit shall be secured by methods, provided by the legislation of the Republic of Kazakhstan or agreement on extension of microcredit.
- 1-1. The amount of payment made by the borrower under a microcredit contract concluded with an individual in the event that it is insufficient to fulfill the borrower's obligation under the microcredit contract, repays the debt of the borrower in the following order:
 - 1) arrears for principal debt;
 - 2) arrears for remuneration;
 - 3) penalty (fine, fee) in the amount specified in the microcredit contract;
 - 4) the amount of the principal debt for the current period of payments;
 - 5) remuneration accrued for the current period of payments;

- 5-1) is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020);
 - 6) costs of a microfinance organization for the receipt of performance.

The requirements set forth in this paragraph shall not apply to a microloan agreement concluded by a pawnshop.

- 2. is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).
- 3. The amount of the penalty (fine, late fee) for breach of the obligation to repay the microloan amount and (or) pay remuneration under a microloan agreement concluded with an individual that is not related to entrepreneurial activity may not exceed, during ninety days of delay, 0.5 percent of the overdue payment amount for each day of delay; after ninety days of delay, it may not exceed 0.03 percent of the overdue payment amount for each day of delay, but no more than ten percent of the microloan amount issued for each year of the microloan agreement.

Footnote. Article 6 as amended by the Law of the Republic of Kazakhstan dated 24.11.2015 № 422-V (shall be enforced from 01.07.2016); dated 02.07.2018 № 168-VI (shall be enforced dated 01.01.2019); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 24.05.2021 № 43-VII (effective from 01.10.2021); dated 19.06.2024 № 97-VIII (comes into effect sixty calendar days after the date of its first official publication).

Article 7. Rights and obligations of microfinance organization

- 1. Microfinance organization shall have the right to:
- 1) is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020);
- 1-1) to assign the right (claim) under the microcredit agreement to the person specified in paragraphs 4 and 5 of Article 9-1 of this Law;
- 2) require the documents and data of credited party (applicant), required for conclusion of agreement on extension of microcredit and fulfillment of obligations under it, determined by the rules of extension of microcredits;
- 2-1) at the request of the borrower, to transfer microcredit to a third party through second-tier banks in order to pay for goods, works or services;
- 3) carry out other rights, established by this Law, other Laws of the Republic of Kazakhstan and agreement on extension of microcredit.
 - 2. Microfinance organization shall be obliged to:
- 1) notify in written the authorized body, as well as credited parties (applicants) in case of change of location area or change of the name, by publication of the relevant information in two printed matters in Kazakh and Russian languages on location area of the microfinance organization, as well as on legal address of credited party (applicant)-individual and on location area of credited party (applicant)-legal entity by written notification of each of

credited party (applicant) within the term, not later than thirty calendar days from the date of these changes;

- 1-1) in the event of a change in the composition of participants (shareholders), the authorized body shall be notified in writing about it and about the compliance of participants (shareholders) with the requirements of paragraph 6 of Article 14 of this Law no later than ten calendar days from the date of this change;
- 2) place a copy of the rules of extension of microcredits in a place, available for view and familiarization by credited party (applicant) of microfinance organization as well as on a website of microfinance organization if its existence;
- 3) provide full and trustworthy information to credited party about payments, linked with receiving, securing and repayment (reimbursement) of microcredit;
- 4) to provide the applicant with draft repayment schedules calculated by various methods before the conclusion of a microcredit loan contract for acquaintance and selection of the method of repayment of microcredit. On a mandatory basis, the borrower should be provided with the draft microcredit repayment schedules calculated in accordance with the methods for calculating regular payments on microcredits issued by microfinance organizations to individuals and temporary bases for calculating the remuneration for such microcredits established by the normative legal act of the authorized body with the frequency established in the microcredit contract, with the following methods of repayment:

by the method of differentiated payments, where the repayment of microcredit debt is made by decreasing payments, including equal amounts of payments on the principal debt and remuneration, accrued for the period for the remainder of the principal debt;

by the method of annuity payments, where the repayment of microcredit debt is made by equal payments throughout the entire period of the microcredit, including the increasing payments on the principal debt and decreasing payments for the remuneration, accrued for the period for the remainder of the principal debt. The amounts of the first and last payments may differ from the others.

A microfinance organization may propose additional drafts of microcredit repayment schedules calculated in accordance with the rules for provision of microcredits;

- 4-1) is excluded by the Law of the Republic of Kazakhstan dated 27.12.2019 № 291-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication);
- 5) inform the borrower (applicant) of his rights and obligations related to receiving a microloan, as well as possible consequences in case of failure to fulfill obligations under the agreement on the provision of a microloan;
- 5-1) to inform the authorized body for financial monitoring in accordance with the Law of the Republic of Kazakhstan "On combating legalization (laundering) of proceeds from crime and financing of terrorism";
 - 6) keep a secret of extension of microcredit;

7) carry out classification of assets and contingent liabilities on extended microcredits and establish provisions (reserves) against them, in accordance with the rules, confirmed by the authorized body on agreement with government body, carrying out administration in the scope of securing return of duties and other compulsory payments to budget;

The requirement set out in this subparagraph shall not apply to pawnshops;

- 8) comply with prudential regulations and other compulsory norms and limits, methods of their calculation, established by the authorized body;
- 8-1) to observe the procedure for calculating and the limit value of the debt burden ratio of the borrower of a microfinance organization, established by the regulatory legal act of the authorized body.

The requirement established by this subparagraph shall not apply to pawnshops;

- 9) file financial and other reports with the National Bank of the Republic of Kazakhstan in line with the regulatory legal acts of the National Bank of the Republic of Kazakhstan;
- 9-1) report on fulfilment of prudential standards and other mandatory standards and limits to the National Bank of the Republic of Kazakhstan pursuant to regulatory legal acts of the National Bank of the Republic of Kazakhstan;
- 10) correct breaches of the legislation of the Republic of Kazakhstan, detected by the authorized body;
- 11) is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020);
- 11-1) to refuse to provide microcredit in cases provided for by the Law of the Republic of Kazakhstan "On counteracting legalization (laundering) of criminal proceeds and financing of terrorism";
- 11-2) provide under the agreement on a microloan to military personnel on active military service a deferment of payment on the principal debt and remuneration for a period that includes the period of military service and 60 days after its completion, without accrual of remuneration on the microloan in the manner determined by the authorized body.

The exchange of information on military personnel called up for fixed-term military service, as well as their discharge, the presence or absence of a microloan, and the granting of a deferral of payment thereon shall be effected by ensuring the interaction of the information systems of public authorities and credit bureaus in the manner established by the authorised body in agreement with the Ministry of Defence of the Republic of Kazakhstan.

In the cases provided for in part two of this paragraph, the collection, processing and use of personal data are carried out in accordance with the legislation of the Republic of Kazakhstan;

- 12) comply with other requirements, established by this Law and other legislation of the Republic of Kazakhstan.
 - 3. Microfinance organization shall not have the right:

- 1) to unilaterally change the interest rates (except for cases of their reduction) and (or) the method and way of repayment of the microcredit;
- 1-1) provide a microloan not related to the entrepreneurial activity to an individual who has an overdue debt on a bank loan and (or) microloan of more than ninety calendar days.

The requirement established by this subparagraph does not apply to microloans issued for the purpose of repaying a bank loan and (or) a microloan to an individual not related to the entrepreneurial activity, on improving terms that provide for a downward change in the interest rate and (or) the amount of periodic payments and (or) a downward change or complete cancellation of the penalty (fine, penalty), as well as microloans provided by pawnshops secured by movable property that is not subject to mandatory registration;

- 1-2) establish and collect from the borrower (applicant) any payments, excluding remuneration and penalties (fines, interest) for breach of the obligation to repay the microloan amount and/or pay remuneration on the microloan not related to the conduct of entrepreneurial activity;
- 1-3) set and charge the borrower (applicant) any payments, excluding remuneration and penalties (fines, interest) on microloans related to entrepreneurial activities;
- 2) to demand from a borrower who is an individual who has fully or partially repaid to the microfinance organization the amount of the microcredit, forfeit (fine, penalty) and other payments for early repayment of the microcredit;
 - 3) to use and dispose the pledged things;
- 4) demand payment of remuneration, penalty (fines, penalties) accrued after ninety consecutive calendar days of delay in the fulfillment of the obligation to repay any of the payments on the amounts of the principal debt and (or) remuneration on the microloan of the borrower an individual not related to entrepreneurial activity.

The requirement of this subparagraph does not apply to a microcredit agreement if, on the date of its conclusion, the amount of the principal debt was fully secured by a pledge of property subject to registration and (or) a pledge of money;

- 5) demand to pay the remuneration and also forfeits (fines, penalties) charged after one hundred and eighty consecutive calendar days of delay in fulfilling the obligation to repay any of the payments on the amounts of the principal debt and (or) interest on a microloan of a borrower an individual secured by a mortgage of immovable property unrelated to business activities;
- 6) enter into agreements providing for cooperation with private bailiffs to collect from the borrower the amount of debt under the microcredit agreement, as well as enter into an agreement (contract) on the terms of execution of the writ of execution with a private bailiff who is an affiliate of the microfinance organization in accordance with paragraph 2 of Article 12-1 of the Law of the Republic of Kazakhstan "On Limited and Additional Liability Partnerships" and (or) paragraph 1 of Article 64 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies";

- 7) apply for notarial acts to a notary who is an affiliate of the microfinance organization in accordance with paragraph 2 of Article 12-1 of the Law of the Republic of Kazakhstan "On Limited and Additional Liability Partnerships" and (or) paragraph 1 of Article 64 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies";
- 8) extend the term of a microcredit agreement concluded with an individual without his consent and on terms that do not ensure the preservation or improvement of the terms of the microcredit agreement.

Footnote. Article 7 as amended by the Laws of the Republic of Kazakhstan dated 10.06.2014 № 206-V (shall be enforced upon expiry of six months after the day its first official publication); dated 24.11.2015 № 422-V (the order of enforcement see Art. 2); dated 06.05.2017 № 63-VI (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 27.12.2019 № 291-VI (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 02.01.2021 № 399-VI (effective from 04.01.2021); dated 24.05.2021 № 43-VII (effective from 01.10.2021); dated 31.12.2021 № 100 (shall enter into force from 01.07.2022); dated 19.06.2024 № 97-VIII (for the procedure for entry into force, see Art. 2); № 205-VIII of 30.06.2025 (shall take effect sixty calendar days after the date of its first official publication).

Article 8. Rights and obligations

- 1. Applicant shall have the right to:
- 1) look through the rules of extension of microcredits, tariffs of microfinance organization on extension of microcredits;
- 2) receive full and trustworthy information on payments, linked with receiving, securing and repayment (reimbursement) of microcredit;
 - 3) refuse from conclusion of agreement on extension of microcredit.
- 2. The applicant shall submit to the microfinance organization the documents and information specified by the list of documents required for obtaining a microloan and the procedure for maintaining a credit file under a microloan agreement, necessary for concluding a microloan agreement and the agreements securing fulfillment of the borrower's obligations.
- 3. Applicant shall have the other rights and obligations, established by this Law and other Laws of the Republic of Kazakhstan.

Footnote. Article 8 as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.01.2021).

Article 9. Rights and obligations of credited party

1. Credited party shall have the right to:

- 1) look through the rules of extension of microcredits, tariffs of microfinance organization on extension of microcredits;
- 2) dispose received microcredit in the manner and on conditions, established by agreement on extension of microcredit;
- 3) protect own rights in the manner, established by the Laws of the Republic of Kazakhstan;
- 4) wholly or partially reimburse a sum of microcredit in advance to microfinance organization, extended under agreement on extension of microcredit;
- 4-1) excluded by the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII (comes into force six months after the date of its first official publication);
- 5) carry out other rights, established by this Law, other Laws of the Republic of Kazakhstan and agreement on extension of microcredit.
 - 2. Credited party shall be obliged to:
- 1) reimburse received microcredit and pay compensation on it due time and manner, established by agreement on extension of microcredit;
- 2) present the documents and data, requested by microfinance organization in accordance with this Law;
- 3) perform other requirements, established by this Law, other legislation of the Republic of Kazakhstan and agreements, concluded with microfinance organization.

Footnote. Article 9 as amended by the Law of the Republic of Kazakhstan dated 06.05.2017 № 63-VI (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 19.06.2024 № 97-VIII (comes into force six months after the date of its first official publication).

Article 9-1. Procedure for assignment of rights (claims) under a microloan agreement

Footnote. The title of Article 9-1 as amended by the Law of the Republic of Kazakhstan dated $19.06.2024 \, \text{N}_{\text{\tiny 2}} \, 97\text{-VIII}$ (enters into force sixty calendar days after the date of its first official publication).

- 1. Excluded by the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII (enters into force sixty calendar days after the date of its first official publication).
- 2. Excluded by the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII (enters into force sixty calendar days after the date of its first official publication).
- 3. Excluded by the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII (comes into force sixty calendar days after the date of its first official publication).
- 4. A microfinance organization shall be prohibited from making an assignment of the right (claim) under a microcredit contract concluded with an individual and secured by a mortgage in the form of a dwelling, with the exception of the assignment of the right (claim) to organizations, more than fifty percent of shares in the authorized capitals of which or the placed shares of which belong to the state, while respecting one of the following conditions:

the acquisition of rights (claims) is one of the activities of such an organization, provided for by the laws of the Republic of Kazakhstan;

the acquisition of rights (claims) is carried out within the framework of state and government programs or legal acts of state bodies to support individuals.

5. A microfinance organization shall be prohibited from assigning rights (claims) under a microloan agreement to a third party, except for assigning rights (requirements) to the following persons:

a second-tier bank; collection agency; microfinance organization;

a special financial company established in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization, in a securitization transaction;

legal entity - a pledgee of the rights to claim under a microloan agreement when a microfinance organization issue secured bonds or receives loans;

a special fund for the development of private entrepreneurship - under an agreement on the provision of a microloan concluded as part of a transaction to finance private enterprises through the conditional placement of funds in microfinance organizations;

to another person - in relation to the rights (claims) under the agreement on the provision of a microloan to the borrower - an individual, associated with the entrepreneurial activity, the agreement on the provision of a microloan to the borrower - a legal entity if there are signs of impairment for the specified microloans on the date of assignment in accordance with international financial reporting standards.

The person specified in the first part of paragraph 8 shall transfer to the trust management of the service company the received rights (requirements) under the microcredit agreement in one of the following cases:

rights (requirements) have been obtained under an agreement on the provision of a microloan to an individual related to the implementation of entrepreneurial activities;

rights (requirements) have been received under the agreement on the provision of a microcredit of a legal entity, the amount of debt under which does not exceed 16,500 times the size of the monthly calculation indicator established by the Law on the republican budget for the date of assignment;

if the person to whom the rights (requirements) under the microloan agreement are assigned is a non-resident of the Republic of Kazakhstan.

The rights (requirements) under microloan agreements can be transferred to the service company while fulfilling the following conditions:

1) the amount of the authorized capital of the collection agency, the equity of the parent organization of the subsidiary of the bank, which acquires dubious and hopeless assets of the parent bank, shall not be less than the minimum value established by the regulatory legal act of the authorized body;

2) carrying out activities within three years from the moment of:

issuing permission to the bank or bank holding to create a subsidiary by the bank that acquires the dubious and hopeless assets of the parent bank;

inclusion of a collection agency in the register of collection agencies;

- 3) absence as of the date of inclusion in the register of service companies of unfulfilled and (or) existing supervisory response measures or limited measures of influence applied by the authorized body, and administrative penalties for administrative offenses provided for in Article 211-1 and the first part of Article 227 of the Code of Administrative Offenses of the Republic of Kazakhstan;
- 4) the absence of uncleared or outstanding criminal record of the first head of the service company;
- 5) compliance of the service company with the requirements established by the authorized body.

The requirements for subsidiaries of the bank that acquire dubious and hopeless assets of the parent bank and collection agencies acting as service companies to which rights (requirements) under microloan agreements can be transferred to trust management shall be established by a regulatory legal act of the authorized body.

The authorized body shall maintain and places on its Internet resource a register of service companies that meet the requirements of the legislation of the Republic of Kazakhstan.

The exclusion of the service company from the register of service companies shall be the basis for termination of the trust agreement.

In case of transfer of rights (requirements) under the microloan agreement to the trust management of the service company, the person specified in the first part of paragraph 8 shall exercise the rights of the creditor with respect to the assigned right (requirement) under the microloan agreement under the trust management agreement concluded with the service company or by assignment to the persons specified in the first part of this paragraph.

In case of termination of the trust agreement with the service company, the person specified in the first part of paragraph 8 shall enter into a new trust agreement with another service company or assign the rights (requirements) to the persons specified in the first part of this paragraph.

The requirements of this paragraph shall not apply to the cases provided for in paragraph 4 of this Article.

- 5-1. The assignment of rights (claims) under a microcredit agreement for which, as of the date of assignment, there are signs of impairment in accordance with international financial reporting standards, is carried out by a microfinance organization in compliance with the following conditions:
- 1) the person in whose favor the rights (claims) under the microcredit agreement are assigned is determined based on the results of trading in relation to these rights (claims) conducted by the microfinance organization on the electronic trading platform for the sale of

banking and microfinance assets, with the exception of the assignment of rights (claims) to persons specified in paragraphs five, six and seven of part one of paragraph 5 of this article;

2) the assignment of rights (claims) under the microcredit agreement is carried out in compliance with the restrictions and rules established in paragraph 5 of this article.

The requirements established by this paragraph do not apply to pawnshops.

Note!

The effect of paragraph 5-2 is suspended until 01.05.2026 by the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII and during the period of suspension this paragraph is valid in the following wording.

- 5-2. A microfinance organization is prohibited from assigning rights (claims) under an agreement on the provision of a microloan to an individual not related to the entrepreneurial activity to a collection agency.
- 6. A microfinance organization may not assign a right (claim) under a microcredit contract without the consent of the borrower, unless otherwise provided by the laws of the Republic of Kazakhstan or the microcredit contract.
- 6-1. The microfinance organization shall not be entitled to cede the right (requirement) under the agreement on the provision of a microloan secured by a pledge of property to the persons specified in the first part of paragraph 5 of this Article, without assessing the value of the property carried out by the appraiser within the last six months before the assignment of the right (requirement) in accordance with the Law of the Republic of Kazakhstan "On appraisal activities in the Republic of Kazakhstan."
- 7. It shall not be allowed to assign rights (requirements) under a microloan agreement in respect of one borrower to several persons, except for cases when these rights (requirements) shall be the subject of a securitization transaction.
- 8. When concluding an assignment agreement (requirements) under a microloan agreement (hereinafter referred to as the assignment agreement), the microfinance organization shall:
- 1) prior to concluding an assignment agreement, notify the borrower an individual under an agreement on the provision of a microloan not related to the entrepreneurial activity, of the planned assignment of the rights (claims) of the creditor under the said agreement on the provision of a microloan to a third party, as well as of the processing (transfer) of the borrower's personal data in connection with such assignment in the manner stipulated by the agreement on the provision of a microloan, as well as through information technology objects that provide the microfinance organization with the opportunity to identify the client an individual through the use of identification means stipulated by the Law of the Republic of Kazakhstan "On Payments and Payment Systems" (hereinafter information technology objects);
- 2) notify the borrower (or his authorized representative) of the completed transfer of rights (claims) under the microcredit agreement to a third party in the manner stipulated by

the microcredit agreement, as well as through information technology objects within thirty calendar days from the date of conclusion of the assignment agreement, indicating the need to make further payments under the microcredit agreement to a third party (name, location and bank details of the person to whom the rights (claims) under the microcredit agreement have been assigned, or in the case of transfer of rights (claims) under the microcredit agreement to trust management - to the service company), the volume of transferred rights (claims) under the microcredit agreement, the amount and structure of the debt under the microcredit agreement (principal debt, remuneration, commissions, penalties (fines, late fees) and other amounts payable;

3) transfer to the person to whom the rights (requirements) under the microloan agreement or the service company (in case of transfer of rights (requirements) under the microloan agreement to the trust management of the service company) the following documents:

a microloan agreement;

pledge agreement and title documents for pledge (if performance of obligations under the microloan agreement is secured by pledge);

a surety or guarantee agreement (if the performance of obligations under the microloan agreement is ensured by a surety or guarantee);

calculation of the borrower's debt as of the date of assignment of rights (requirements); claim correspondence with the borrower (if any);

constituent documents of the borrower - a legal entity, a copy of the identity document of the borrower - an individual;

documents confirming repayment of debt by the borrower;

documents on sale of pledged property (if any);

other documents in accordance with the assignment agreement.

In case of assignment of all rights (requirements) to the borrower, the microfinance organization shall transfer to the person to whom the right (requirement) is assigned under the microloan agreement all original documents available to it, and in case of transfer of rights (requirements) under the microloan agreement to the trust management of the service company, the originals of these documents shall be transferred to the service company.

In case of assignment of part of the rights (requirements) to the borrower, the microfinance organization has the right to preserve the original documents certifying such rights (requirements), and transfer to the person to whom the right (requirements) under the microloan agreement is partially assigned notarized copies of these documents, and in case of transfer of part of the rights (requirements) under the agreement on the provision of microloan to the trust management of the service company notarized copies of these documents shall be transferred to the service company.

For the loss of the original title documents for property that shall be the security for the fulfillment of obligations under the microloan agreement, the microfinance organization, the person to whom the rights (requirements) under the microloan agreement shall be assigned,

the service company shall bear the responsibility established by the Laws of the Republic of Kazakhstan;

- 4) after the conclusion of the assignment agreement, transfer the money received to repay the debt under the microloan agreement to the bank account of the person to whom the rights (claims) under the microloan agreement are assigned, with the provision of payment decoding in the context of each borrower.
- 9. A person assigned the right (requirement) of a microfinance organization under a microloan agreement shall be prohibited from assigning such right (requirement) without complying with the conditions provided for in this Article.

Footnote. Chapter 2 is supplemented by Article 9-1 in accordance with the Law of the Republic of Kazakhstan dated 06.05.2017 № 63-VI (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 13.05.2020 № 325-VI (effective ten calendar days after the date of its first official publication); dated 24.05.2021 № 43-VII (effective from 01.10.2021); dated 04.07.2022 № 133-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication); dated 19.06.2024 № 97-VIII (for the procedure for entry into force, see Art. 2).

Article 9-2. Conditions and procedure for debt settlement and measures applied to an insolvent borrower

- 1. In the event of a delay in the fulfillment of an obligation under a microcredit agreement, but no later than ten calendar days from the date of its occurrence, the microfinance organization is obliged to notify the borrower in the manner and within the timeframes stipulated by the microcredit agreement, as well as through information technology objects, about:
- 1) occurrence of delay in fulfilling the obligation under the microloan agreement and the need to make payments indicating the amount of the overdue debt as of the date indicated in the notification;
- 2) the right of the borrower an individual under a microcredit agreement to apply to the microfinance organization with an application stipulated by paragraph 2 of this article;
- 3) consequences of the borrower's failure to fulfill the obligations under the microloan agreement.

A microfinance organization has the right to engage a collection agency to notify the borrower.

2. Within thirty calendar days from the date of the occurrence of the delay in fulfilling the obligation under the agreement on the provision of a microloan, the borrower - an individual has the right to visit the microfinance organization and (or) submit in writing, as well as through information technology objects or in the manner stipulated by the agreement on the

provision of a microloan, an application containing information on the reasons for the occurrence of the delay in fulfilling the obligation under the agreement on the provision of a microloan, income and other confirmed circumstances (facts) that justify his application for amendments to the terms of the agreement on the provision of a microloan, including those related to:

- 1) change in the direction of decreasing the interest rate or the value of remuneration under the microloan agreement;
- 1-1) a reduction in the monthly payment by at least fifty per cent of the payment specified in the microloan repayment schedule;
 - 2) deferment of payment on the principal debt and (or) interest;
- 3) change in the repayment method or the debt repayment order, including repayment of the principal debt as a priority;
 - 4) change in the microloan term;
- 5) forgiveness of the overdue principal debt and (or) interest, cancellation of the forfeit (fine, penalty fee) on the microloan;
- 6) independent sale by the mortgagor of immovable property that is the subject of mortgage, within the time frames established upon mutual agreement of the parties;
- 7) submission of a compensation in exchange for fulfillment of the obligation under the microloan agreement by transferring the pledged property to the microfinance organization;
- 8) the sale of immovable property that is the subject of mortgage, with the transfer of obligations under the agreement on microloan provision to the buyer.

The procedure for reviewing an application from a borrower who is a natural person to amend the terms of a microloan agreement, the list of documents to be enclosed thereto, and the procedure for informing the authorised body of the results of the microfinance organisation's review of the application shall be established by a regulatory legal act of the authorised body.

- 3. Within fifteen calendar days after the date of receipt of the application from the borrower an individual, the microfinance organization shall consider the proposed changes to the terms of the agreement on the provision of a microloan in the manner determined by the regulatory legal act of the authorized body, and in writing, as well as through information technology objects or in the manner stipulated by the agreement on the provision of a microloan, inform the borrower an individual of one of the following decisions:
- 1) on concent with the proposed changes to the terms of the agreement on the provision of a microloan;
- 2) on a counter-proposal to change the terms of the agreement on the provision of a microloan;
- 3) on refusal to change the terms of the agreement on the provision of a microloan, indicating a reasoned justification for such refusal.

A microfinance organisation shall decide whether to agree to the proposed amendments to the terms and conditions of a microloan agreement for a term of at least three months upon receipt of an application for amendments to the terms and conditions of a microloan agreement, as set out in sub-paragraph 1-1) and/or sub-paragraph 2) of part one of paragraph 2 of this article, from a borrower who is a natural person:

- 1) belonging to socially vulnerable groups of the population under the Law of the Republic of Kazakhstan "On Housing Relations";
- 2) affected by circumstances that served as grounds for the introduction of a state of emergency.

The decision to agree to the proposed amendments to the terms of the microloan agreement concluded with the borrower – an individual specified in sub-paragraph 1) of part two of this paragraph – shall be made subject to a reduction in the borrower's average monthly income calculated over two months, preceding the month when the borrower applied , by more than thirty per cent compared to the borrower's average monthly income calculated for the twelve months preceding the month when the borrower applied or when targeted social assistance was granted.

During the period of consideration of the application from the borrower - an individual to amend the terms of the agreement on the provision of a microloan, the microfinance organization shall not have the right to demand early repayment of the microloan.

Failure to reach a mutually acceptable solution between the microfinance organization and the borrower - an individual within thirty calendar days from the date of receipt of the decision of the microfinance organization, provided for in subparagraph 2) of part one of this paragraph, shall be considered a refusal to change the terms of the agreement on the provision of a microloan. This period may be extended with the consent of both parties.

4. Within fifteen calendar days from the date of receipt of the decision of the microfinance organisation referred to in sub-paragraph 3) of part one of paragraph 3 of this article, or if a mutually acceptable decision on changing the terms of the microloan agreement is not reached within the period specified in part five of paragraph 3 of this article, may apply to the microfinance ombudsman with simultaneous notification of the microfinance organisation.

Microfinance ombudsman considers the appeal of the borrower - an individual when submitting evidence of his appeal to the microfinance organization and failure to achieve a mutually acceptable decision with a microfinance organization to change the terms of the contract on the provision of microcredit.

During the consideration of the appeal by the microfinance ombudsman from a borrower - an individual related to socially vulnerable groups of the population in accordance with the Law of the Republic of Kazakhstan "On Housing Relations", under an agreement on the provision of microcredit secured by a mortgage real estate, which is a housing not related to entrepreneurial activity, it is not allowed to seize the pledged property by filing a claim to the court or out of court.

- 5. In cases of non-satisfaction of the requirement referred to in subparagraph 1) of part one of paragraph 1 of this article, as well as non-execution by the borrower an individual under a microloan agreement of the rights provided for in paragraph 2 of this article, or absence of consent between the borrower an individual and the microfinance organization on changing the microloan agreement terms, the microfinance organization shall be entitled to .
 - 1) consider applying measures in relation to the borrower.

The decision on applying measures shall be made in accordance with the rules for granting microloans;

2) transfer the debt for pre-trial collection and settlement to a collection agency.

The transfer of debt for pre-trial collection and settlement to a collection agency shall be allowed when the microfinance organization has the right, stipulated in the microloan agreement, to engage a collection agency if the borrower delays fulfillment of obligations under the microloan agreement;

On the day of transfer of the debt for pre-trial collection and settlement of the debt, the microfinance organization notifies the borrower about this in the manner stipulated by the agreement on the provision of a microloan, as well as through information technology objects indicating the name, location of the collection agency, telephone numbers of the collection agency for contacts with debtors;

2-1) assign, in compliance with the requirements established in Article 9-1 of this Law, the rights (claims) under a microcredit agreement to an individual if the borrower is in default on the performance of a monetary obligation:

under a microcredit agreement to an individual secured by a mortgage on real estate - over one hundred eighty consecutive calendar days;

under other microcredit agreements to an individual - over ninety consecutive calendar days.

Note!

The fourth paragraph of subparagraph 2-1) is put into effect from 01.05.2026 in accordance with the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII (the text is deleted).

The provisions of this subparagraph shall not apply to cases of application in relation to the borrower - a citizen of the Republic of Kazakhstan of the procedure for restoring solvency, extra-judicial or judicial bankruptcy in the manner prescribed by the Law of the Republic of Kazakhstan "On Restoring Solvency and Bankruptcy of Citizens of the Republic of Kazakhstan";

3) apply the measures provided for by the legislation of the Republic of Kazakhstan and (or) the microloan agreement, including filing a lawsuit to recover the debt amount under the

microloan agreement, as well as extrajudicial foreclose on the mortgaged property, except for cases provided by the Law of the Republic of Kazakhstan On Mortgage of Immovable Property, or in a judicial proceeding;

- 4) apply to the court to declare the borrower an individual entrepreneur, legal entity bankrupt in accordance with the legislation of the Republic of Kazakhstan.
- 6. A microfinance organization is prohibited from receiving services from third parties for pre-trial collection and settlement of debt, as well as collection of information related to debt, except in cases where such services are provided to a microfinance organization by a collection agency and (or) service company.
- 7.A microfinance organization may not enter into an agreement on pre-trial collection and settlement of debt, as well as collection of information related to debt, with a collection agency in relation to an individual whose debt is secured by a mortgage on real estate that is a home.
- 8. During the period of pre-trial collection and settlement of debt with a collection agency, a microfinance organization may not:

file a claim in court for debt collection;

demand payment of remuneration for the period the debt is in the collection agency's work, or charge a penalty (fine, penalty) for late repayment of the principal debt and remuneration during the specified period.

Footnote. Chapter 2 is supplemented by Article 9-2 in accordance with the Law of the Republic of Kazakhstan dated 24.05.2021 № 43-VII (effective from 01.10.2021); as amended by the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII (see Article 2 for the procedure for entry into force); № 205-VIII of 30.06.2025 (shall take effect sixty calendar days after the date of its first official publication)).

Article 10. Termination of obligations under agreement on extension of microcredit

- 1. Obligations under agreement on extension of microcredit shall be terminated by the grounds, provided by the civil legislation of the Republic of Kazakhstan.
- 2. The statute of limitations on the request of microfinance organizations to borrowers on improper performance of microcredit agreements is five years.

Footnote. Article 10 with the change introduced by the Law of the Republic of Kazakhstan dated 02.07.2018 № 168-VI (shall be enforced upon the expiration of ten calendar days from the date of its first official publication).

Chapter 3. ESTABLISHMENT AND ACTIVITY OF MICROFINANCE ORGANIZATIONS Article 11. Legal status of a microfinance organization

1. A microfinance organization (with the exception of a credit partnership) is created in the legal form of a joint-stock company or a business partnership.

2. A microfinance organization is prohibited from issuing bonds, with the exception of issuing bonds for the purpose of their placement on the organized securities market of the Republic of Kazakhstan and (or) admission to trading on the stock exchange operating on the territory of the International Financial Center Astana.

Footnote. Article 11 as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Article 12. Formation of charter capital of microfinance organization

- 1. Incorporators of microfinance organization shall be obliged to fully pay the minimum amount of charter capital of established microfinance organization by the time of its state registration (reregistration).
- 2. Minimum amount of charter capital of microfinance organization shall be established by the regulatory legal act of the authorized body.
- 3. Charter capital of microfinance organization shall be formed exclusively by money in the national currency of the Republic of Kazakhstan.

Article 13. Name of microfinance organization

- 1. The name of a microfinance organization (with the exception of a credit partnership and a pawnshop) must necessarily contain the words "microfinance organization" or the abbreviation "MFO".
- 1-1. The name of a credit partnership or pawnshop must necessarily contain the words "credit partnership" or "pawnshop", respectively.
- 2. A legal entity that is not registered as a microfinance organization, credit partnership, pawnshop does not have the right to use in its name the words "microfinance organization", "credit partnership", "pawnshop", words or abbreviations derived from them, suggesting that it carries out activities for provision of microcredits.

Footnote. Article 13 as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Article 14. Licensing of microfinance activities and requirements for executive officers and founders (participants) of a microfinance organization

- 1. A legal entity shall apply to the authorized body for a license to carry out microfinance activities within six months from the date of its state registration (re-registration) with the State Corporation "Government for Citizens" as a microfinance organization, credit partnership, pawnshop.
- 1-1. A legal entity intending to engage in issuing microloans shall notify the authorized body, the authorized state body engaged in financial monitoring of state registration (

re-registration) with the State Corporation "Government for Citizens" as a microfinance organization, credit partnership, pawnshop within ten calendar days from the registration date.

2.To obtain (renew a license for microfinance activities, in addition to the documents specified by the Law of the Republic of Kazakhstan On Permissions and Notifications, a microfinance organization shall submit to the authorized body the documents confirming compliance with the qualification requirements for licensing of microfinance activities, in cases defined by the rules for licensing of microfinance activities.

The license for microfinance activities shall be renewed in cases referred to in paragraph 1 of Article 33 of the Law of the Republic of Kazakhstan On Permissions and Notifications, as well as a change in the location of a microfinance organization, resulting in increase in the authorized capital.

When reissuing a license for microfinance activities, verification of the microfinance organization's compliance with the qualification requirements shall be carried out in cases when the ground for reissuing the license entails a change in the type of microfinance activity or legal form or an increase in the authorized capital due to a change in location.

An application for reissuing a license for microfinance activities in the cases referred to in the second part of this paragraph shall be filed by a microfinance organization within thirty calendar days from the date of occurrence of the changes that served as the ground for the license reissue.

- 3. The authorized body shall issue the license for a microfinance organization to carry out microfinance activities or a motivated refusal to issue a license to carry out microfinance activities within thirty working days from the date of receipt of a complete package of documents.
- 4. A copy of the license for microfinance activities shall be put in a place accessible for viewing by clients of the microfinance organization.
- 5. The top manager and members of the executive body (collegiate or sole), members of the supervisory board (if any), members of the board of directors (if any), chief accountant shall be recognized as executive employees of a microfinance organization.

An individual cannot be an executive officer of a microfinance organization in the following cases:

- 1) absence of a higher education;
- 2) absence of flawless business reputation;
- 3) previously having been the head, member of the management body, head, member of the executive body, chief accountant of a financial organization, head or deputy head of a branch of a non-resident bank of the Republic of Kazakhstan, an insurance branch, (reinsurance) non-resident organization of the Republic of Kazakhstan, a branch of a non-resident insurance broker of the Republic of Kazakhstan, a major participant an individual, the head of a large participant. (Banking holding) a legal entity of a financial institution no more than one year before the decision by the authorized body to classify a

bank, a non-resident bank branch of the Republic of Kazakhstan as insolvent banks, branches of non-resident banks of the Republic of Kazakhstan, depriving a license of a financial organization, a non-resident bank branch of the Republic of Kazakhstan, an insurance branch, (reinsurance) non-resident organization of the Republic of Kazakhstan, a branch of a non-resident insurance broker of the Republic of Kazakhstan, resulting in their liquidation and (or) the termination of activities in the financial market, or the entry into force of a court decision on the forced liquidation of a financial organization or declaring it bankrupt in accordance with the procedure established by the legislation of the Republic of Kazakhstan, or the entry into force of a court decision on the forced termination of the activities of a branch of a non-resident bank of the Republic of Kazakhstan, a branch of an insurance (reinsurance) non-resident organization of the Republic of Kazakhstan in cases established by the Laws of the Republic of Kazakhstan.

The indicated requirement shall be applied within five years after adoption by the authorized body of the decision to classify a bank, a branch of a non-resident bank of the Republic of Kazakhstan as insolvent banks, branches of non-resident banks of the Republic of Kazakhstan, conservation of an insurance (reinsurance) company or forced repurchase of its shares, deprivation of the license of a financial organization, a branch of a non-resident bank of the Republic of Kazakhstan, a branch of a non-resident insurance (reinsurance) company of the Republic of Kazakhstan, a branch of a non-resident insurance broker of the Republic of Kazakhstan, entailing their liquidation and (or) termination of activities in the financial market, or enforcement of a court ruling on compulsory liquidation of a financial organization or declaring it bankrupt as prescribed by the legislation of the Republic of Kazakhstan, or enforcement of a court ruling on forced termination of the activities of a branch of a non-resident bank of the Republic of Kazakhstan, a branch of non-resident insurance (reinsurance) company of the Republic of Kazakhstan in cases established by the laws of the Republic of Kazakhstan;

- 4) a person, the consent to whose appointment (election) was revoked to the position of an executive officer in this and (or) another financial organization, this and (or) another branch of a non-resident bank of the Republic of Kazakhstan, a branch of a non-resident insurance (reinsurance) organization of the Republic of Kazakhstan, branch of a non-resident insurance broker of the Republic of Kazakhstan. The indicated requirement shall be applied during the last twelve consecutive months after the decision by the authorized body to withdraw consent to the appointment (election) to the position of an executive employee;
- 5) a person who committed a corruption offense or was subjected to an administrative penalty before the date of appointment (election) for committing a corruption offense;
- 6) a person who was previously the head, member of the management body, the head, a member of the executive body, chief accountant of a financial institution, major participant (major shareholder) an individual, head, member of the management body, head, member of the executive body, chief accountant of a major participant (major shareholder)) a legal

entity-issuer that had defaulted on the payment of coupon interest on issued equity securities for four or more consecutive periods, or whose debt amount on the payment of coupon interest on issued equity securities on which default was made is four times and (or) more than the amount of the coupon interest, or the amount of default on the payment of the principal debt on issued equity securities makes the sum that is ten thousand times higher than the amount of the monthly calculation index established by the law on the republican budget as of the payment date. This requirement shall apply within five years from the occurrence of the circumstances indicated in this subparagraph.

5-1. A major participant in a microfinance organization may not be appointed (elected) to the position of the head of the executive body of the microfinance organization.

The number of members of the collegial executive body must be at least three people.

The sole executive body consists of one person.

The requirement of part one of this paragraph shall not apply to a microfinance organization established in the form of a business partnership.

- 6. A person cannot be a major participant in a microfinance organization who:
- 1) is an individual with an outstanding or unexpunged conviction;
- 2) has registration, place of residence or location in offshore zones, the list of which is established by the authorized body;
- 3) is a legal entity whose founder (shareholder, participant) or executive officer of which was previously the chief executive or founder (participant) of a microfinance organization in the period not more than one year prior to the adoption by the authorized body of the decision to deprive this microfinance organization of a license to carry out microfinance activities on the grounds referred to in subparagraphs 1), 2), 3), 4), 5), 6), 7) and 9) of paragraph 2 of Article 16 of this Law;
- 4) have been previously either currently is a major participant an individual or the first leader of a major participant a legal entity; (or) manager of a financial institution, head or deputy head of a branch of a non-resident bank of the Republic of Kazakhstan, an insurance branch (reinsurance) non-resident organization of the Republic of Kazakhstan, a branch of a non-resident insurance broker of the Republic of Kazakhstan no more than one year before the decision was made by the authorized body to classify the bank, a non-resident bank branch of the Republic of Kazakhstan as insolvent banks, branches of non-resident banks of the Republic of Kazakhstan, depriving the license of a financial organization, a non-resident bank branch of the Republic of Kazakhstan, an insurance branch (reinsurance) non-resident organization of the Republic of Kazakhstan, a branch of a non-resident insurance broker of the Republic of Kazakhstan, or the entry into force of a court decision on the forced liquidation of a financial organization or declaring it bankrupt in accordance with the procedure established by the legislation of the Republic of Kazakhstan, or the entry into force of a court decision on the forced termination of the activities of a branch of a non-resident bank of the Republic of Kazakhstan, a branch of a non-resident insurance (reinsurance)

organization of the Republic of Kazakhstan in cases established by Laws of the Republic of Kazakhstan.

Footnote. Article 14 as amended by the Law of the Republic of Kazakhstan dated 03.07.2020 № 359-VI (effective from 01.01.2021); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 04.01.2021); № 43-VII dated 24.05.2021 (enforcement, Article 2); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 14-1. Creation, closing of branches and representative offices of a microfinance organization

- 1. A microfinance organization, shall have the right without the authorized body's consent to create its separate subdivisions branches and representative offices both on the territory of the Republic of Kazakhstan and abroad.
- 2. Within thirty working days from the registration date of its branch or representative office with the State Corporation "Government for Citizens" the microfinance organization shall notify the authorized body in writing about their creation with the attachment of:
 - 1) a notarized copy of the regulations on the branch or representative office;
 - 2) certificates of record registration of a branch (representative office);
- 3) a notarized copy of the power of attorney issued to the chief executive of the branch or representative office;
- 4) information on the branch premises indicating the address where the branch premises are located (if any).
- 3. A branch of a microfinance organization shall have a balance sheet and a name that is the same as the microfinance organization and completely coincides with the name of the microfinance organization.

A branch of a microfinance organization shall be entitled to have premises located at several addresses within the same region.

A branch of a microfinance organization with a location in the capital and (or) a city of republican scale shall be entitled to having premises located at several addresses:

in the capital and (or) city of republican scale;

within the region adjacent to the capital (city of republican scale).

- 4. A representative office of a microfinance organization shall act in the name and on behalf of the microfinance organization and shall not pursue microfinance activities.
- 5. A mandatory requirement for the creation of branches by a microfinance organization, an increase in the number of additional premises of existing branches, including those located at several addresses, is non-application by the authorized body to the microfinance organization within three months preceding the registration date of the branch with the State Corporation Government for Citizens or the date of adoption by the relevant body of the microfinance organization of a decision to increase the number of additional premises of the

operating branch of the microfinance organization, including those located at several addresses, of sanctions in the form of suspension of the license for microfinance activities, as well as administrative penalties for administrative infractions provided for in parts one and three of Article 211, part three of Article 227 of the Code of the Republic of Kazakhstan on Administrative Infractions.

6. When making amendments and (or) additions to the regulations on a branch, representative office that require accounting re-registration with the State Corporation Government for Citizens, the microfinance organization is obliged, within thirty working days from the date of accounting re-registration with the State Corporation Government for Citizens, to submit to the authorized body a notarized copy of the amendments and (or) additions to the regulations on the branch, representative office.

When making amendments and (or) additions to the regulations on a branch, representative office that do not require accounting re-registration with the State Corporation Government for Citizens, the microfinance organization shall, within thirty working days from the date of the State Corporation Government for Citizens' mark on acceptance of the letter from the microfinance organizations, submit to the authorized body a copy of the said letter of the microfinance organization, notarized copies of amendments and (or) additions to the regulations on the branch, representative office.

- 7. In the event of an increase in the number of additional premises of a branch of a microfinance organization or a decrease in the number of premises of a branch of a microfinance organization, the microfinance organization shall, within thirty working days from the date the microfinance organization's body makes the relevant decision, submit to the authorized body a written notification with an extract from the decision of the microfinance organization's body on the adopted decision containing addresses of the indicated premises of the branch of the microfinance organization.
- 8. The microfinance organization, within thirty working days from the date of deregistration of its branch and (or) representative office in the State Corporation Government for Citizens, must notify the authorized body in writing of the termination of their activities, attaching a copy of the document of the State Corporation Government for Citizens confirming deregistration of the branch and (or) representative office of the microfinance organization.
- 9. The authorized body requires the closure of a branch or premises or representative office of a microfinance organization in the event of failure to comply with the requirements of paragraphs 2, 3, 4, 5 and 7 of this article.

Footnote. Chapter 3 is supplemented by Article 14-1 in accordance with the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 04.01.2021); as amended by the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII (comes into force sixty calendar days after the date of its first official publication).

Article 15. Article 15. Grounds for denying a license to carry out microfinance activities

Footnote. The heading of Article 15 as amended by the Law of the Republic of Kazakhstan dated 03.07.2020 № 359-VI (effective from 01.01.2021).

- 1. License to carry out microfinance activities shall be denied in the following cases:
- 1) non-compliance of the submitted documents with the requirements established by the regulatory legal act of the authorized body, as well as the provision of inaccurate information and information to be reflected in these documents:
- 2) is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020);
- 3) if the microfinance organization within six months from the date of its state registration (re-registration) with the State Corporation Government for Citizens has not applied for a license to carry out microfinance activities;
- 4) non-compliance with one of the requirements established by Articles 11, 12, 13, paragraphs 5 and 6 of Article 14, paragraph 3 of Article 14-1 of this Law;
- 5) is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020);
- 6) failure to comply with the term of state re-registration established by paragraph 1 of Article 31 of this Law;
- 7) failure to comply with the deadline established by paragraph 2-1 of Article 31 of this Law for filing an application for a license to carry out microfinance activities.
- 2. In the event of denied license on the grounds referred to in subparagraphs 1) and 4) of paragraph 1 of this article, a legal entity registered as a microfinance organization, credit partnership, pawnshop, within thirty working days after the date of the denial receipt, shall have the right, after the non-compliance elimination to re-submit the application and other documents for obtaining the license.

The re-submitted application and other documents shall be examined within thirty working days.

IUpon waiver of the right provided for by part one of this paragraph, also upon receipt of a denial on the grounds referred to in subparagraphs 3), 6) and 7) of paragraph 1 of this article, a legal entity registered as a microfinance organization, credit partnership, pawnshop, within thirty working days after the date of the denial receipt, shall conduct the re-registration procedure by excluding from its name the words "microfinance organization", "credit partnership", "pawnshop", their derivatives or abbreviations, suggesting that the specified legal entity pursues activities in microloans provision, or decide on reorganization or liquidation.

In cases of non-implementation by a legal entity of the actions specified in parts one and three of this paragraph, it is subject to forced reorganization or liquidation in the manner prescribed by the laws of the Republic of Kazakhstan.

Footnote. Article 15 as amended by the Law of the Republic of Kazakhstan of 02.07.2018 № 168-VI (shall be enforced upon the expiration of ten calendar days from the date of its first official publication); dated 02.04.2019 № 241-VI (shall be enforced dated 01.07.2019); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 03.07.2020 № 359-VI (effective from 01.01.2021); dated 02.01.2021 № 399-VI (effective from 01.01.2021).

Article 16. Grounds for suspension, termination or revocation of a license to carry out microfinance activities

- 1. The license for microfinance activities shall be suspended for a period of up to six months on one of the following grounds:
- 1) pursuit of activities in violation of the requirements provided for in paragraphs 5 and 6 of Article 14, paragraphs 3, 5 and 7 of Article 14-1 of this Law;
 - 2) violation of prudential standards and (or) other mandatory norms and limits;
- 3) repeated (two or more times within twelve consecutive calendar months) failure to submit reports to the National Bank of the Republic of Kazakhstan;
- 4) repeated (two or more times within twelve consecutive calendar months) imposition of administrative sanctions for presenting false financial or other reporting;
 - 5) non-compliance with the authorized body's writ;
- 6) obstruction of audit, resulting in the impossibility of its conduct within the established time frames;
- 7) repeated (two or more times within twelve consecutive calendar months) breach of the requirements provided for by the Law of the Republic of Kazakhstan On Counteraction of Legitimization (Laundering) of Incomes Received by Illegal Means, and Financing of Terrorism;
- 8) identification of false data and information in the documents submitted for obtaining a license for microfinance activities.
 - 2. License for microfinance activities shall be deprived on one of the following grounds:
- 1) systematic (three or more times within twelve consecutive calendar months) suspension of the license to carry out microfinance activities;
- 2) pursuit of activities with systematic (three or more times within twelve consecutive calendar months) breach of the requirements of the laws of the Republic of Kazakhstan, as well as regulatory legal acts of the authorized body, the National Bank of the Republic of Kazakhstan;
- 3) systematic (three or more times within twelve consecutive calendar months) non-compliance with the authorized body's writs;
 - 4) pursuit of activities not provided for by this Law;
- 5) systematic (three or more times within twelve consecutive calendar months) imposition of administrative sanctions for presented false financial or other reporting;

- 6) failure to carry out activities for six consecutive calendar months from the date of obtaining the license for microfinance activities;
 - 7) enforcement of a court ruling to terminate the microfinance organization's activities;
- 8) making a decision on voluntary termination of its activities through reorganization or liquidation.

A microfinance organization, prior to submitting an application for termination of a license for microfinance activities, must fulfill all its obligations. A letter confirming fulfillment of all obligations shall be attached to the application;

- 9) obstructing inspection more than two times, resulting in the impossibility of its conduct within the established time frames.
- 3. When determining the appropriateness of applying a sanction in the form of suspension or deprivation of a license for microfinance activities, the following shall be taken into account:
- 1) the level of risk, the nature of violations and (or) identified shortcomings and their consequences;
- 2) the scale and significance of the committed violations and (or) identified shortcomings and their consequences;
 - 3) regularity and duration of violations and (or) identified shortcomings;
- 4) impact of the committed violations and (or) identified shortcomings on the financial condition of the microfinance organization;
 - 5) the reasons that caused the committed violations and (or) identified shortcomings;
 - 6) taking independent measures to eliminate the identified deficiencies, risks or violations.
- 4. Termination of the license for microfinance activities shall be carried out in the following cases:
 - 1) from the moment of state re-registration of the microfinance organization to the bank;
- 2) on the grounds provided for by the Law of the Republic of Kazakhstan "On permits and notifications.".
- 5. The decision to suspend or revoke the license to carry out microfinance activities shall take effect from the date of its adoption.

The license to carry out microfinance activities shall be considered suspended from the day such a decision is brought to notice of the microfinance organization.

Information on the adopted decision to suspend or revoke a license for microfinance activities shall be placed on the Internet resource of the authorized body in the Kazakh and Russian languages.

6. The decision of the authorized body to suspend or revoke the license for microfinance activities can be appealed in court.

Appealing against the decision of the authorized body to suspend or revoke the license to carry out microfinance activities shall not suspend the execution of such a decision.

- 7. Suspension of the license to carry out microfinance activities shall entail a ban on the conclusion by the microfinance organization of new agreements on issuing microloans, including extension of the validity of existing agreements on issuing microloans and their change, providing for an increase in the obligations and responsibilities of the microfinance organization, as well as obligations and responsibilities of the borrower. A microfinance organization whose license for microfinance activities has been suspended is obliged to fulfill its obligations under previously concluded agreements on the provision of microloan.
- 8. The microfinance organization that has been deprived of a license to carry out microfinance activities or whose license has been suspended is not entitled to carry out microfinance activities.
- 9. The microfinance organization is obliged, within thirty calendar days from the date of the decision by the authorized body to revoke the license for microfinance activities, to undergo re-registration procedure by excluding from its name the words "microfinance organization", "credit partnership", "pawnshop", their derivatives or abbreviations, suggesting that the specified legal entity carries out activities in issuing microloans, or make a decision on reorganization or liquidation.

Footnote. Article 16 as amended by the Law of the Republic of Kazakhstan dated 03.07.2020 № 359-VI (effective from 01.01.2021); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.01.2021); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 17. General requirements for operations conducted by microfinance organisations

- 1. A microfinance organisation shall engage in microfinance activities subject to the existence of rules for granting microloans containing the following information:
- 1) the procedure for filing an application for a microloan and the procedure for its consideration;
 - 2) the procedure for concluding a microloan agreement;
 - 3) the maximum amounts and terms for granting microloans;
 - 4) the maximum interest rates on microloans granted;
 - 5) the procedure for paying interest on microloans granted;
 - 6) requirements for collateral accepted by the microfinance organisation;
 - 7) rules for calculating the annual effective interest rate on microloans granted;
 - 8) methods of microloan repayment;
- 9) procedure for considering customer complaints arising in the process of granting microloans.

The period for reviewing a customer's request shall not exceed fifteen working days from the date of receipt of the request by the microfinance organisation.

The period for reviewing the application may be extended by fifteen working days due to the need to establish the facts relevant to the proper review of the application, of which the customer shall be notified within three working days from the date of extension of the period for reviewing the application;

- 10) the rights and obligations of a microfinance organisation and its customer, their responsibilities;
- 11) regulations on customer service procedures, including procedures for rendering services to persons with disabilities and persons with limited mobility, with due regard to national standards on the accessibility of financial institutions' branches for persons with disabilities and other persons with limited mobility, as well as the specifics of rendering services to persons with disabilities and low-mobility groups of the population with the participation of an authorised representative;
- 12) other conditions, requirements and restrictions that do not contradict the laws of the Republic of Kazakhstan.
- 2. The rules for granting microloans must be consistent with the procedure for granting microloans, disclosing information, and reviewing customer requests arising in the process of granting microloans, as set out in the regulatory legal act of the authorised body.

Footnote. Article 17 as revised by Law of the Republic of Kazakhstan № 205-VIII of 30.06.2025 (shall be put into effect sixty calendar days after the date of its first official publication).

Article 18. Internal Control Service

- 1. Microfinance organization may establish Internal Control Service for monitoring of control of its finance and economic activity.
- 2. Procedure of work of Internal Control Service shall be determined by the legislation of the Republic of Kazakhstan, as well as by the rules, provision and other documents, regulating internal activity of microfinance organization.

Article 19. Additional types of activity of microfinance organizations

Footnote. Article 19 is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Article 20. The order of documentation maintenance on extended microcredit

Footnote. Article 20 is excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.01.2021).

Article 21. Secret of extension of microcredit

1. Secret of extension of microcredit shall contain a data on credit parties, amounts of microcredits, on other conditions of agreement on extension of microcredit, related to credited

party, and on operations of microfinance organization (with the exception of the rules of extension of microcredits).

Data on concluded agreements on extension of microcredits by microfinance organization, being in the process of liquidation shall not relate to the secret of extension of microcredit.

- 2. Microfinance organizations shall guarantee the secrecy of extension of microcredit.
- 3. The secret of providing a microloan may be disclosed only to the borrower, a third party based on the consent of the borrower given in writing, as well as through information technology objects, to a credit bureau for provided microloans in accordance with the laws of the Republic of Kazakhstan, as well as to the persons specified in paragraphs 4, 5, 5-1 and 6 of this article.
- 4. Data on credited parties, amounts of microcredits, on other terms of agreement on extension of microcredit, related to credited party, on operations, conducted by microfinance organization shall be issued to:
- 1) public authorities and officials performing criminal prosecution functions: in criminal cases under their jurisdiction, based on a written request authorised by the prosecutor;
- 1-1) to the national security agencies and the State Security Service of the Republic of Kazakhstan with the sanction of the prosecutor at their request to provide information necessary for prevention, detection and suppression of intelligence and (or) subversive actions .
- 1-2) to the assets recovery authority upon a written request signed by the senior executive or a person acting as such, with attached extract from the register approved in accordance with the Law of the Republic of Kazakhstan "On the return of illegally acquired assets to the state";
- 2) courts: on cases, being in their proceeding on the basis of determination, regulation, decision and court verdict;
- 3) public and private bailiffs: in cases of enforcement proceedings in their proceedings on the basis of the bailiff's decision authorized by the prosecutor, certified by the seal of the judicial authorities or by the seal of the private bailiff;
- 4) prosecutor: on the basis of regulation on proceeding of verification within its competence on material, being in his (her) proceeding;
- 5) state revenue authorities solely for tax administration purposes: on issues associated with the taxation of the audited person, based on a directive, credit bureaus on borrowers who are natural persons who are required to file declarations of assets and liabilities, income and property;
- 6) to the representatives of the borrower: on the basis of a power of attorney, on a borrower who is an individual, on the basis of a notarized power of attorney;
- 7) to the authorized body in the field of rehabilitation and bankruptcy: in respect of a person for which there is a legally effective court decision on bankruptcy, for a period of five

years prior to initiation of a bankruptcy case and (or) rehabilitation with the sanction of the prosecutor;

- 8) to the authorized body in public administration for restoring the solvency and bankruptcy of citizens of the Republic of Kazakhstan: upon request in respect of a citizen who filed a request for the application of the procedures prescribed by the Law of the Republic of Kazakhstan "On the restoration of solvency and bankruptcy of citizens of the Republic of Kazakhstan", for a period of three years prior to such request;
- 9) to the financial manager: upon request in respect of the citizen, in relation to which a case has been initiated on the application of the procedure for restoring solvency or judicial bankruptcy with the sanction of the prosecutor. In order to confirm the authority, a court ruling on initiating a case on the application of the procedure shall be attached to the request.
- 5. Data on credited party, amount of microcredit, on other conditions of agreement on extension of microcredit, related to credited party, in case of death of credited party, besides the persons, provided in paragraph 4 of this Article, shall be also issued on the basis of written request to:
 - 1) persons, mentioned by credited party in testament;
- 2) notaries: for hereditary cases in their production on the basis of an application from a notary;
 - 3) foreign consular institutions: on probate cases, being in their proceeding.
- 5-1. The secret of providing a microloan may be disclosed to the microfinance ombudsman upon appeals from borrowers individuals under consideration for the settlement of disagreements arising from the agreement on the provision of a microloan, including the rights (claims) under which are assigned to the person specified in paragraph 4 and part one of paragraph 5 of Article 9-1 of this Law.
 - 6. Extension of microcredit shall not be disclosure of secret as follows:
- 1) delivery of adverse information by microfinance organizations to credit bureau and delivery of adverse information by credit bureau on a subject of credit history in the part of past-due debt more than one hundred eighty calendar days;
- 2) provision by the persons specified in the first part of paragraph 5 of Article 9-1 of this Law of information under the agreement on the provision of microloan (issued microloan to the persons specified in paragraph 4 and the first part of paragraph 5 of Article 9-1 of this Law, when assigning (reassigning) rights (requirements) under the agreement on the provision of microloan;
- 3) provision by persons specified in part one of paragraph 5 of Article 9-1 of this Law of information on a microloan to a collection agency within the framework of an agreement, the subject of which is the provision of services for pre-trial collection and settlement of debt, as well as the collection of information related to the debt of the borrower concluded with this collection agency, or a service company within the framework of a trust management agreement in accordance with Article 9-1 of this Law;

- 4) exchange of information, including information constituting the secret of providing a microcredit, between the National Bank of the Republic of Kazakhstan and the authorized body;
- 5) submission by an official of a state body or a person performing managerial functions in a microfinance organization, of documents and information containing the secret of providing a microcredit, as supporting documents and materials when sending a report on a criminal offense to the criminal prosecution body;
- 6) exchange of information on payment transactions with signs of fraud, constituting confidential microloan information, between the centre for the exchange of data on payment transactions with signs of fraud, microfinance organisations, other financial organisations, and payment organisations, mobile operators, criminal prosecution authorities, national security and law enforcement agencies, the National Bank of the Republic of Kazakhstan, the authorised body.

Footnote: Article 21 as amended by the Laws of the Republic of Kazakhstan dated 07.03.2014 No 177-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 28.11.2014 № 257 (the order of enforcement see sub-point 12) of Art. 10); dated 29.12.2014 № 269-V (shall be enforced from 01.01.2015); dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016); dated 28.12.2016 № 36-VI (shall be enforced upon expiry of two months after the day its first official publication); dated 06.05.2017 № 63-VI (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); № 217-VI of 21.01.2019 (shall be enforced upon the expiration of three months after its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 04.07.2022 № 133-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication); dated 14.07.2022 № 141-VII (shall enter into force upon expiry of ten calendar days after the day of its first official publication); dated 30.12.2022 № 179-VII (shall be enforced sixty calendar days after the date of its first official publication); dated 12.07.2023 № 23-VIII (shall be enforced sixty calendar days after the date of its first official publication); dated 19.06.2024 № 97-VIII (enters into force sixty calendar days after the date of its first official publication); № 205-VIII of 30.06.2025 (shall become effective sixty calendar days after the date of its first official publication); № 207-VIII of 15.07.2025 (shall enter into force sixty calendar days after the date of its first official publication); № 210-VIII of 16.07.2025 (shall be enacted sixty calendar days after the date of its first official publication).

Article 22. Maintenance of business accounting and composition of financial accountability

Accounting and financial reporting by a microfinance organization, automation of accounting are carried out in accordance with the regulatory legal acts of the National Bank of the Republic of Kazakhstan.

Footnote. Article 22 as amended by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020).

Article 23. Documents custody

Documents custody, linked with activity of microfinance organization shall be carried out in accordance with the legislation of the Republic of Kazakhstan.

Article 24. Prohibition on activity on extension of microcredits and incorrect advertisement

- 1. Legal entities that are not registered as microfinance organizations, credit partnerships, pawnshops are not entitled to carry out entrepreneurial activities to provide microcredits.
 - 2. Microfinance organizations are prohibited from:
- 1) advertising of their activities, which does not correspond to reality on the day of its publication;
- 2) advertising related to the offer of microcredit on terms that do not comply with the legislation of the Republic of Kazakhstan on microfinance activities.
- 2-1. When distributing and/or placing advertisements containing data on microloan interest rates, microfinance organisations shall indicate the annual effective interest rate.
- 2-2. Upon distribution of advertising containing information on microloan interest rates, including upon publication, the annual effective interest rate shall be specified in numerical terms, in a form identical in size and font style to other interest rates. It shall be prohibited to specify the annual effective interest rate in a font smaller than that used to specify other information in the advertisement.
- 3. The authorized body has the right to demand that a microfinance organization makes changes to advertising that does not correspond to reality, its termination and (or) publication of its denial.

If this requirement is not met within the time period established by the authorized body, the authorized body has the right to publish information on the discrepancy between the validity of the information contained in the advertisement, or to clarify them at the expense of the microfinance organization that published such an advertisement.

4. Legal entities that do not have a license to carry out microfinance activities shall be prohibited from advertising services rendered that fall under the category of microfinance activities.

Footnote. Article 24 as amended by the Law of the Republic of Kazakhstan dated $03.07.2019 \, \text{N}_{\text{\odot}} \, 262\text{-VI}$ (shall be enforced from 01.01.2020); dated $02.01.2021 \, \text{N}_{\text{\odot}} \, 399\text{-VI}$ (effective from 01.01.2021); $\text{N}_{\text{\odot}} \, 205\text{-VIII}$ of 30.06.2025 (shall go into effect sixty calendar days after the date of its first official publication).

Article 25. Reorganization and liquidation of microfinance organizations

1. The reorganization and liquidation of microfinance organizations shall be carried out in accordance with the procedure provided for by the Laws of the Republic of Kazakhstan.

Reorganization of the microfinance organization in the form of conversion into a bank shall be carried out taking into account the peculiarities provided for by this Law.

2. The voluntary reorganization of a microfinance organization in the form of conversion into a bank (hereinafter referred to as the conversion of a microfinance organization into a bank) shall mean a set of measures aimed at changing the activities of a microfinance organization in order to obtain the status of a bank and carry out activities in accordance with the requirements established by this Law and the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan."

Only microfinance organizations operating in the form of a joint-stock company shall be subject to conversion of a microfinance organization into a bank.

A bank created as a result of the conversion of a microfinance organization into a bank shall be the successor of all its rights (requirements) and obligations.

3. The state re-registration of the microfinance organization into a bank as part of the conversion of the microfinance organization into a bank shall be carried out by the State corporation "Government for citizens" on the basis of the permission of the authorized body for the voluntary reorganization of the microfinance organization in the form of conversion into a bank and the report approved by it on the implementation of measures provided for by the action plan for the conversion of the microfinance organization into a bank.

Footnote. Article 25 - as amended by the Law of the Republic of Kazakhstan dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication).

Article 25-1. Authorization of the authorized body to convert a microfinance organization into a bank

1. The conversion of the microfinance organization into a bank shall be carried out by decision of the general meeting of shareholders of the microfinance organization with the permission of the authorized body.

The application for issuing a permit to convert a microfinance organization into a bank must be considered by the authorized body within sixty-five working days from the date of submission of documents established by the regulatory legal act of the authorized body.

The procedure for issuing a permit for voluntary reorganization of a microfinance organization in the form of conversion into a bank, as well as the list of documents necessary for issuing a permit of an authorized body for voluntary reorganization of a microfinance organization in the form of conversion into a bank, are determined by a regulatory legal act of the authorized body.

The authorized body, simultaneously with the issuance of permission to convert a microfinance organization into a bank, issues permits and consents in accordance with the

procedure provided for by Articles 11-1 and 17-1 of the Law of the Republic of Kazakhstan " On banks and banking activities in the Republic of Kazakhstan."

- 2. The permission to convert a microfinance organization into a bank shall have the legal force until the authorized body decides to issue a banking license to the bank.
- 3. The issued permission to convert a microfinance organization into a bank shall be considered canceled in the following cases:
- 1) making a decision by the microfinance organization to voluntarily terminate its activities by reorganizing in another form or liquidation;
- 2) making a decision by the court to terminate the activities of a microfinance organization;
- 3) failure to obtain a license to conduct banking or other operations in the manner prescribed by Article 26 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan."

In the cases provided for in the first part of this paragraph, the permits previously issued in accordance with the procedure stipulated by Articles 11-1 and 17-1 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan" shall be considered canceled.

Footnote. Chapter 3 as added by Article 25-1 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).

Article 25-2. Grounds for refusal to issue a permit to convert a microfinance organization into a bank

- 1. Refusal to issue a permit to convert a microfinance organization into a bank shall be made on any of the following grounds:
- 1) non-compliance of the bank's name with the requirements of Article 15 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan";
 - 2) instability of financial position of shareholders of the microfinance organization.

The instability of the financial situation shall be understood as the presence of signs established by paragraph 10 of Article 17-1 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan";

3) in cases when the individual shareholder or the first head of the executive body or management body of the legal entity shareholder:

has an outstanding or unexplained criminal record;

served as the first head of the governing body, the first head of the executive body or its deputy, chief accountant of a financial institution, including a non-resident financial institution of the Republic of Kazakhstan, for a period not more than one year before the adoption by the authorized body or body of the financial supervision of the state, the resident of which shall be the non-resident financial institution of the Republic of Kazakhstan of the decision to classify the bank as insolvent banks or forced redemption of its shares, on the

deprivation of the license of a financial institution, including a non-resident financial institution of the Republic of Kazakhstan, which entailed their liquidation and (or) the termination of activities in the financial market, or the entry into force of a court decision on the forced liquidation of a financial institution, including a non-resident financial institution of the Republic of Kazakhstan, or its recognition as bankrupt in accordance with the procedure established by the legislation of the Republic of Kazakhstan or the legislation of the state, the resident of which shall be a non-resident financial institution of the Republic of Kazakhstan.

This requirement shall apply within five years after the decision of the authorized body or financial supervisory body of the state, the resident of which shall be the non-resident financial institution of the Republic of Kazakhstan, to classify the bank as insolvent banks or to forcibly redeem its shares, to deprive the license of the financial institution, including the non-resident financial institution of the Republic of Kazakhstan, resulting in their liquidation and (or) the termination of activities in the financial market, or the entry into force of a court decision on the forced liquidation of a financial institution, including a non-resident financial institution of the Republic of Kazakhstan, or its recognition as bankrupt in accordance with the procedure established by the legislation of the Republic of Kazakhstan or the legislation of the state, the resident of which shall be a non-resident financial institution of the Republic of Kazakhstan. For the purposes of this subparagraph, a financial institution shall also mean a branch of a non-resident bank of the Republic of Kazakhstan, a branch of an insurance (reinsurance) organization - non-resident of the Republic of Kazakhstan, a branch of an insurance broker - non-resident of the Republic of Kazakhstan;

- 4) non-compliance with the requirements established by Article 17 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan";
- 5) refusal to issue consent by the authorized body to acquire the status of a major participant in a bank, banking holding in accordance with Article 17-1 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan";
- 6) refusal to issue a permit to establish (acquire) a subsidiary of a banking holding in accordance with Article 11-1 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan";
- 7) the bank's business plan and other documents submitted by the applicant shall not show that:

after the first three financial (operating) years, the bank's activities shall be profitable;

the bank shall intend to comply with the requirements for risk limitation and establish an appropriate management structure;

the bank shall have an organizational, accounting and control structure corresponding to its business plans;

8) failure to eliminate the comments of the authorized body on the submitted documents within the period established by him;

- 9) non-compliance of the plan of measures for the conversion of a microfinance organization into a bank with the requirements provided for by Article 25-3 of this Law;
- 10) financial forecast of the consequences of the conversion of a microfinance organization into a bank shall imply a deterioration in the financial condition of a microfinance organization due to the conversion of a microfinance organization into a bank and (or) non-compliance with prudential standards by a banking conglomerate, which shall include a bank and (or) a banking holding;
- 11) failure of the microfinance organization to comply with the established prudential standards and (or) other mandatory standards and limits within the last three months preceding the date of submission of the application for issuing a permit to convert the microfinance organization into a bank and (or) during the period of consideration of the application;
- 12) the microfinance organization shall have a valid limited measure of influence provided for in subparagraph 1) of the first part of paragraph 2 of Article 28 of this Law, and (or) administrative penalties for administrative offenses provided for in the first part, 3-1, the fourth part of Article 211 and the third part of Article 227 of the Code of administrative offenses of the Republic of Kazakhstan, as of the date of submission of the application and during the consideration of documents;
- 13) non-compliance with the conditions of Article 25-1 of this Law, Articles 18 and 21 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan."
- 2. The authorized body shall be obliged to notify the applicant in writing about the grounds for refusal.
- 3. The authorized body shall revoke the issued permission to convert the microfinance organization into a bank in case of revealing inaccurate information on the basis of which the permission was issued.

When revoking a permit to convert a microfinance organization into a bank or a microfinance organization voluntarily returns this permit, the authorized body decides to cancel the previously issued permit within two months from the date of discovery of the fact that is the basis for revoking the permit, or the microfinance organization submits an application for voluntary return of the permit.

The microfinance organization shall have the right to voluntarily return the permission issued to it to convert the microfinance organization into a bank before the expiration of the conversion period specified in the permission of the authorized body to convert the microfinance organization into a bank.

When the microfinance organization voluntarily returns permission to convert the microfinance organization into a bank, the previously issued permission to convert the

microfinance organization into a bank and permits issued in accordance with Articles 11-1 and 17-1 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan" shall be considered canceled.

Footnote. Chapter 3 as added by Article 25-2 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).

Article 25-3. Action plan for conversion of a microfinance organization into a bank

- 1. Action plan for conversion of a microfinance organization into a bank shall be approved by the board of directors of a microfinance organization.
- 2. The action plan for the conversion of a microfinance organization into a bank shall contain a detailed description of the following measures, including the timing of their implementation:
 - 1) development of standard terms of agreements on bank banking operations;
- 2) publication of the conversion announcement in periodicals distributed throughout the Republic of Kazakhstan in Kazakh and Russian, and place on the Internet resource of a microfinance organization;
- 3) revision and change of corporate governance and internal policies and procedures, other internal documents of the microfinance organization, taking into account new types of activities;
- 4) determination of the managers of the microfinance organization responsible for the implementation of the action plan for the conversion of the microfinance organization into a bank;
- 5) carrying out work with clients under contracts on the provision of microcredit in accordance with Article 25-4 of this Law;
- 6) carrying out all organizational and technical measures, including the preparation of premises, equipment and software for automating accounting and general ledger maintenance that meet the requirements of regulatory legal acts of the authorized body and the National Bank of the Republic of Kazakhstan, finalizing software for bank banking and other operations, preparing draft staffing lists indicating names and patronymics (if they are specified in the identity document) of employees for hiring relevant personnel, rules for carrying out banking and other activities, regulations on the internal audit service, credit committee;
- 7) excluded by Law of the Republic of Kazakhstan № 205-VIII of 30.06.2025 (shall come into force on the day of its first official publication);
- 8) approval of candidates for positions of bank executives in accordance with Article 20 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan";
- 9) submission to the authorized body of a report on the implementation of the measures provided for in paragraphs 1), 2), 3), 4), 5), 6), 7) and 8) of this paragraph;

- 10) applying to the State corporation "Government for citizens" with an application for state re-registration of a microfinance organization with a bank;
- 11) after the state re-registration of the microfinance organization with the bank, approval of the rules for the implementation of banking and other activities, the staffing table indicating the names, names and patronymics (if any in the identity document) of employees, approval by the bank's board of directors of the regulation on the internal audit service, credit committee;
- 12) applying to the authorized body with an application for issuing a license for banking and other operations of the bank;
- 13) the planned period of conversion of the microfinance organization into a bank, which should not exceed the period specified in paragraph 4 of Article 25-4 of this Law;
- 14) other measures necessary for the conversion of a microfinance organization into a bank.
- 3. No later than two months before the end of the conversion period specified in the authorization of the authorized body, the microfinance organization shall submit to the authorized body a report on the implementation of the measures provided for by the action plan for converting the microfinance organization into a bank, with the attachment of documents confirming the implementation of the measures.
- 4. If there are comments to the report specified in paragraph 3 of this Article, the authorized body shall have the right to demand that the microfinance organization carry out additional measures and (or) provide additional information and documents. The microfinance organization shall be obliged to take into account the comments of the authorized body (to perform the required additional measures and (or) provide additional information and documents) and re-submit to the authorized body a report on the implementation of the measures provided for by the action plan for converting the microfinance organization into a bank, with the attachment of supporting documents within the period established by the authorized body.
- 5. The authorized body shall approve or refuse to approve the report on the implementation of the measures provided for by the action plan for the conversion of the microfinance organization into a bank within two months from the date of its submission to the authorized body.

Footnote. Chapter 3 as added by Article 25-3 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); № 205-VIII of 30.06.2025 (shall come into force on the day of its first official publication).

Article 25-4. Activities of a microfinance organization during its conversion into a bank

1. During the conversion period, the microfinance organization shall be obliged to carry out the measures stipulated by the action plan for the conversion of the microfinance organization into a bank.

- 2. The microfinance organization shall within ten working days after obtaining the permission of the authorized body to convert the microfinance organization into a bank:
- 1) publish in periodicals distributed throughout the Republic of Kazakhstan, and place on the Internet resource of the microfinance organization (if any) an announcement on the conversion of the microfinance organization into a bank in Kazakh and Russian;
- 2) send a notification to the clients of the microfinance organization in the way provided for by the agreement on the provision of microloan, on the conversion of the microfinance organization to the bank, indicating the list of planned banking and other operations.
- 3. It shall be prohibited for a microfinance organization to enter into new agreements on the provision of microloan and carry out other activities provided for by this Law, and to amend the conditions of contracts concluded with clients on the provision of microloan, with the exception of changing the conditions towards their improvement for borrowers, after state re-registration with the bank.
- 4. The period of conversion of a microfinance organization to a bank cannot exceed one year. This period shall be suspended by the authorized body for the period of consideration of the report on the implementation of measures provided for by the action plan for converting the microfinance organization into a bank and eliminating the comments of the authorized body by the microfinance organization in accordance with paragraph 4 of Article 25-3 of this Law.

Footnote. Chapter 3 as added by Article 25-4 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).

Article 25-5. State re-registration of a microfinance organization and issuance of a license for banking and other banking operations

- 1. After approval by the authorized body of the report specified in paragraph 3 of Article 25-3 of this Law, the microfinance organization shall be obliged to contact the State Corporation "Government for citizens" for state re-registration of the microfinance organization to the bank.
- 2. The previously issued license for microfinance activities shall cease to be valid from the moment of state re-registration of the microfinance organization to the bank.
- 3. The microfinance organization shall be obliged not later than thirty calendar days before the end of the conversion period specified in the permission of the authorized body to apply to the authorized body with an application for a license to conduct banking and other operations in the manner prescribed by Article 26 of the Law of the Republic of Kazakhstan."
- 4. Refusal to issue a license for banking or other operations is made in cases provided for by Article 27 of the Law of the Republic of Kazakhstan "On banks and banking activities in the Republic of Kazakhstan."

5. Since the issue of a license to the microfinance organization to conduct banking and other operations of the bank, the conversion of the microfinance organization to the bank is considered completed.

Footnote. Chapter 3 as added by Article 25-5 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).

Chapter 4. STATE REGULATION OF MICROFINANCE ORGANIZATIONS, CONTROL AND SUPERVISION OF THEIR ACTIVITY Article 26. Prudential regulations and other compulsory norms and limits, established for microfinance organization

Prudential regulations and other compulsory norms and limits shall contain as follows:

- 1) minimum charter capital;
- 2) minimum amount of owned capital;
- 3) sufficiency of owned capital;
- 4) maximum risk dimension for one credited party;
- 5) leverage ratios;
- 6) the borrower's debt burden ratio;
- 7) the borrower's debt-to-income ratio.

Footnote. Article 26 as amended by the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII (enters into force sixty calendar days after the date of its first official publication).

Article 27. Competence of the authorised body

Footnote. The title of Article 27 as amended by the Law of the Republic of Kazakhstan dated $03.07.2019 \, \text{N}_{\text{2}} \, 262\text{-VI}$ (shall be enforced from 01.01.2020); $\text{N}_{\text{2}} \, 205\text{-VIII}$ of 30.06.2025 (shall come into force sixty calendar days after the date of its first official publication).

The authorized body shall:

- 1) conduct record registration;
- 2) excluded by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.01.2021);
- 1-1) adopt normative legal acts in the field of microfinance regulation that are binding on organisations engaged in microfinance activities in conformity with the purpose and objectives set forth in paragraphs 1 and 2 of Article 2-1 hereof and the legislation of the Republic of Kazakhstan. The list of subordinate normative legal acts shall be set forth in the regulations on the authorised body;
- 3) develops and approves prudential standards and other mandatory standards and limits for a microfinance organization, a methodology for their calculation in relation to the corresponding type of microfinance activity;
- 4) is excluded by the Law of the Republic of Kazakhstan dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020);

- 4-1) determine the procedure for calculating and the maximum value of the debt burden ratio of the borrower of a microfinance organization (with the exception of a pawnshop);
- 4-2) determine the list of documents required for obtaining a microloan, as well as the procedure for maintaining a credit file under the microloan agreement;
- 4-3) in agreement with the Ministry of Internal Affairs of the Republic of Kazakhstan, approves the procedure for organizing the activities of pawnshops, including the issues of storing things in a pawnshop, establishing requirements for ensuring the safety and technical strength of pawnshop premises, measures to counter the circulation of illegally obtained things in pawnshops;
- 4-4) approves, in coordination with the authorized body in the field of permits and notifications and the authorized body in the field of informatization, the rules for licensing microfinance activities;
- 4-5) approve, in agreement with the authorized body in the field of permits and notifices and the authorized body in the field of informatization, the rules for issuing permission for the voluntary reorganization of a microfinance organization in the form of conversion into a bank, as well as a list of documents necessary for issuing a permit from an authorized body for the voluntary reorganization of a microfinance organization in the form of conversion into a bank, application forms for obtaining permission, permission of the authorized body to convert a microfinance organization into a bank and forms of information;
- 5) develop and approve the rules of carrying out of classification of assets and contingent liabilities on extended microcredits and establishment of provision (reserves) against them, in concurrence with government body, carrying out administration in the scope of securing the return of duties and other compulsory payments in budget;
 - 6) carry out verification of activity of microfinance organization;
- 6-1) monitors compliance of microfinance organizations with the requirements provided for by the legislation of the Republic of Kazakhstan on combating legalization (laundering) of proceeds from crime and financing of terrorism;
 - 7) files a lawsuit for compulsory reorganization or liquidation:
- of microfinance organizations in case of failure to comply with the requirement provided for in paragraph 5 of Article 16 of this Law;

of legal entities registered as microfinance organizations, credit partnerships, pawnshops that have not passed the accounting registration in accordance with paragraph 1 of Article 14 of this Law, and have not fulfilled the requirements provided for in parts one and three of paragraph 2 of Article 15 of this Law;

legal entities registered as microfinance organizations, credit partnerships, pawnshops until 2021 that did not apply for a license to carry out microfinance activities within the period established by paragraph 2-1 of Article 31 of this Law;

of legal entities engaged in the provision of loans (with the exception of persons registered as credit partnerships, pawnshops, as well as microfinance organizations that have

undergone the accounting registration and entered the register of microfinance organizations) that have not passed the state registration (re-registration) as a microfinance organization in accordance with this Law;

of microcredit organizations that have not undergone the state re-registration in accordance with paragraph 1 of Article 31 of this Law;

8) carry out other powers, provided by this Law, other Laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

The National Bank of the Republic of Kazakhstan, in agreement with the authorized body, approves:

- 1) a list, forms of reporting on implementation of prudential standards and other mandatory standards and limits by a microfinance organization, the terms and procedure for its submission to the National Bank of the Republic of Kazakhstan;
- 2) a list, forms of financial and other reports, terms and procedure for their submission by a microfinance organization to the National Bank of the Republic of Kazakhstan.

Footnote. Article 27 as amended by the Law of the Republic of Kazakhstan dated 10.06.2014 № 206-V (shall be enforced upon expiry of six months after the day its first official publication); dated 02.07.2018 № 168-VI (shall be enforced upon expiration of ten calendar days from the date of its first official publication); dated 03.07.2019 № 262-VI (shall be enforced from 01.01.2020); dated 03.07.2020 № 359-VI (effective from 01.01.2021); dated 02.01.2021 № 399-VI (effective from 01.01.2021); dated 12.07.2022 № 138-VII (shall enter into force upon expiry of sixty calendar days after the day of its first official publication); № 205-VIII of 30.06.2025 (shall be put into effect sixty calendar days after the date of its first official publication).

Article 28. Enforcement action, applied to microfinance organization, and grounds of their application

1. The authorized body takes the measures of impact established by this article when the microfinance organization violates prudential norms and other mandatory norms and limits, reveals wrongful acts or inaction of officials and employees of the microfinance organization, fails to comply with the requirements of laws of the Republic of Kazakhstan and normative legal acts of the authorized body.

The impact measures are the limited measures of influence and sanctions.

- 2. As a limited measure, the authorized body has the right to apply the following limited measures to the microfinance organization:
 - 1) give a binding instruction in writing;
 - 2) issue a written warning;
 - 3) draw up a written agreement;

A written instruction is the instruction to the microfinance organization to take mandatory remedial measures to eliminate the violations and (or) causes, as well as the conditions that

contributed to their commissioning, within the specified period and (or) to provide, within the specified period, an action plan to eliminate the revealed violations and (or) causes, as well as the conditions that contributed to their commissioning (hereinafter - the action plan).

The action plan submitted in time, established by a written instruction, indicates the description of violations, the reasons that led to their occurrence, the list of planned actions, the timing of their implementation, as well as responsible officials.

An appeal against a written order of the authorized body shall be made in the procedure prescribed by the laws of the Republic of Kazakhstan. An appeal against a written order of the authorized body shall not suspend its execution.

A written warning is the notification of the authorized body of the possibility of applying sanctions to the microfinance organization, provided for in paragraph 4 of this article, if the authorized body, within one year after issuing this warning, reveales the repeated violations of the norms of the legislation of the Republic of Kazakhstan similar to the violation for which the written warning has been issued.

A written agreement is concluded between the authorized body and the microfinance organization on the need to immediately eliminate the revealed violations and approve the list of measures to eliminate these violations, indicating the time frame for their elimination and (or) the list of restrictions that the microfinance organization assumes before the violations are eliminated.

Conclusion of a written agreement is necessary in cases when a financial deterioration in the activities of a microfinance organization is noticed, requiring effective coordinated measures to improve it. The written agreement specifies the actions and deadlines for their implementation, which the management body and / or the executive body of the microfinance organization must take to eliminate the deficiencies, improve the financial condition. By signing a written agreement, the microfinance organization assumes obligations to fulfill its conditions.

A written agreement is subject to mandatory signing by a microfinance organization.

3. A microfinance organization shall be obliged to notify the authorized body of the execution of the measures specified in the written instruction and the written agreement, within the terms provided by these documents.

In case, if the term, established for elimination of violation exceed one month, the microfinance organization shall notify the authorized body on execution of actions on elimination of having disadvantages on a monthly basis before the twentieth day of the month

Application of one restrictive enforcement action shall not exclude application of other restrictive enforcement actions in cases, prescribed by the Laws of the Republic of Kazakhstan, shall not suspend and terminate the actions of early taken measures.

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- 4. The authorized body shall apply a sanction to a microfinance organization in the form of suspension or deprivation of the license to carry out microfinance activities on the grounds established by Article 16 of this Law.
- 5. The decision of the authorized body on applying enforcement measures provided for by this article to the microfinance organization may be appealed in the manner prescribed by the laws of the Republic of Kazakhstan.
- 6. In the absence of the possibility of eliminating the violation within the timeframe set out in the action plan, in a written agreement or in written instruction, for the reasons beyond the control of the microfinance organization, the deadline for implementation of the action plan, written agreement or written instruction may be extended by the authorized body in accordance with the procedure established by the normative legal act of the authorized body.

Footnote. Article 28 as amended by the Laws of the Republic of Kazakhstan dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016); dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 06.05.2017 № 63-VI (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 29.06.2020 № 351-VI (effective from 01.07.2021); dated 03.07.2020 № 359-VI (effective from 01.01.2021).

Article 29. Verification of activity of microfinance organization

- 1. Verification of activity of microfinance organization shall be carried out by the authorized body on an independent basis or with assistance of government bodies and (or) organizations.
- 2. Microfinance organization shall be obliged to provide assistance to inspection body on the issues, mentioned in a planning task of the authorized body on verification, as well as secure a possibility of interrogation of any officials and employees and access to any sources of required information for performance of verification.
- 3. Employees of the authorized body shall be prohibited to disclose or transfer a data, received in the course of verification of activity of microfinance organization to third parties.
- 4. Persons, carrying out verification shall bear liability for disclosure of data, received in the course of verification of activity of microfinance organization that is the secret, protected by the Laws of the Republic of Kazakhstan.

Chapter 4-1. Microfinance ombudsman

Footnote. The Law has been supplemented with Chapter 4-1 in accordance with the Law of the Republic of Kazakhstan dated 19.06.2024 № 97-VIII (comes into force six months after the date of its first official publication).

Article 29-1. Microfinance ombudsman, his status, procedure for election and early termination of his powers. Council of representatives of the microfinance ombudsman, his competence

1. The microfinance ombudsman is an individual independent in his activities, who settles disagreements arising from an agreement on the provision of a microloan concluded between a microfinance organization and an individual upon his request, in order to reach an agreement on satisfying the rights and legally protected interests of the individual and the microfinance organization, as well as in the cases provided for in paragraph 2 of this article.

The microfinance ombudsman is guided by the following principles in his activities:

- 1) equality of the parties;
- 2) impartiality;
- 3) maintaining the secrecy of the provision of a microloan and other secrets protected by law;
 - 4) respect for the rights and interests of the parties protected by law;
 - 5) transparency of the decision-making procedure and the validity of the decision.
- 2. Microfinance ombudsman shall settle disagreements arising between a borrower who is an individual and a person to whom the right (claim) under an agreement concluded with such borrower for the provision of a microloan has been assigned, based on the borrower's application.

The person to whom the right (claim) under the microcredit agreement has been assigned is obliged to interact with the microfinance ombudsman and provide any information and data related to the microcredit requested by the microfinance ombudsman upon application by the borrower whose obligations under the microcredit agreement have been acquired by him.

3. The microfinance ombudsman shall be elected by the council of representatives from among the candidates approved by the authorized body for compliance with the requirements established by paragraph 1 of Article 29-2 of this Law.

The council of representatives shall be formed by one representative from:

- 1) an association (union) of public associations of consumers and (or) a republican public association of consumers registered with the justice authorities and carrying out activities aimed at realizing and protecting the rights of consumers of financial services, if any;
- 2) an association of financial organizations (union) registered with the justice authorities and carrying out activities aimed at representing and protecting the common interests of organizations carrying out microfinance activities, collection agencies;
 - 3) the authorized body and the National Bank of the Republic of Kazakhstan.

The associations (unions) specified in subparagraph 2) of part one of this paragraph, within thirty calendar days from the date of registration with the justice authorities, are required to join the council of representatives of the microfinance ombudsman.

4. The microfinance ombudsman is elected for a term of three years.

The procedure for the election, early termination and implementation of the activities of the microfinance ombudsman shall be determined by this Law and the regulatory legal act of the authorized body.

- 5. Competence of the council of representatives:
- 1) recommendation of candidates for election to the position of microfinance ombudsman, determining the voting procedure;
 - 2) approving the structure and staff (office of the microfinance ombudsman);
 - 3) determining the procedure for financing the activities of the microfinance ombudsman;
- 4) approving the internal rules of the microfinance ombudsman in agreement with the authorized body;
- 5) providing recommendations to the microfinance ombudsman on improving his activities based on the results of the analysis of complaints from borrowers individuals regarding the actions (inaction) of the microfinance ombudsman, conducted by the authorized body, and review of the reports of the microfinance ombudsman;
- 6) reviewing a petition from a member (members) of the council of representatives for early termination of the powers of the microfinance ombudsman on the grounds provided for in paragraph 7 of this article;
- 7) approving the procedure for recording, reviewing, adopting and executing decisions of the microfinance ombudsman in agreement with the authorized body;
- 8) other issues related to the implementation of the activities of the microfinance ombudsman, in accordance with this Law.
- 6. A meeting of the council of representatives shall be deemed competent, and the quorum conditions shall be met, if the members of the council of representatives present at it have in aggregate fifty or more percent of the total number of votes.

The microfinance ombudsman shall be elected by a majority of votes of the members of the council of representatives present at the meeting of the council. Each member of the council of representatives shall have one vote during voting. In case of a tie, the vote of the authorized body representative is decisive.

Voting on the issue of electing a microfinance ombudsman shall be carried out by secret ballot. The ballot paper shall contain the following information:

- 1) the last name, first name, patronymic (if indicated in the identity document) of the candidate recommended for election to the position of microfinance ombudsman;
- 2) information confirming the candidate's compliance with the requirements established by paragraph 1 of Article 29-2 of this Law;
- 3) information on the candidate's position in a microfinance organization and (or) collection agency, authorized body, the National Bank of the Republic of Kazakhstan, on the presence of signs of affiliation with a microfinance organization and (or) collection agency, on close relatives, spouse and (or) in-laws working in the position of the head of the authorized body, the National Bank of the Republic of Kazakhstan or their deputies, as well

as the head of a structural division of the authorized body, the National Bank of the Republic of Kazakhstan;

- 4) voting options on the issue, expressed in the words "for" or "against".
- 7. Early termination of powers of the microfinance ombudsman shall be carried out by the council of representatives of the microfinance ombudsman on the following grounds:
- 1) identification of non-compliance of the microfinance ombudsman with the requirements established by paragraph 1 of Article 29-2 of this Law;
- 2) holding any position in a microfinance organization, collection agency, authorized body, the National Bank of the Republic of Kazakhstan, the presence of signs of affiliation of the microfinance ombudsman with a microfinance organization and (or) collection agency, holding by close relatives, spouse and (or) in-laws the position of the head of the authorized body, the National Bank of the Republic of Kazakhstan or their deputies, as well as the head of a structural division of the authorized body, the National Bank of the Republic of Kazakhstan;
- 3) repeated (three or more times within twelve consecutive calendar months) infringement of the requirements hereof.

Early termination of the powers of the microfinance ombudsman on his initiative shall be carried out on the basis of a written notice to the council of representatives.

A written notice shall be submitted to the council of representatives at least one month before the termination of powers in the manner established by the internal rules of the microfinance ombudsman.

Footnote. Article 29-1 as amended by Law of the Republic of Kazakhstan № 205-VIII of 30.06.2025 (shall take effect sixty calendar days after the date of its first official publication).

Article 29-2. Requirements for the microfinance ombudsman

- 1. A person may not be recommended for election as a microfinance ombudsman:
- 1) who does not have a higher economic and (or) legal education;
- 2) who does not have an impeccable business reputation;
- 3) who has less than five years of experience in the field of providing financial services and (or) regulating financial services;
- 4) who previously held the position of a senior employee of a financial institution for a period of no more than one year prior to the adoption by the authorized body of a decision to classify the bank as an insolvent bank, to forcefully buy out the bank's shares, to revoke the license of the financial institution, as well as to forcefully liquidate the financial institution or declare it bankrupt in the manner established by the legislation of the Republic of Kazakhstan . This requirement shall apply for three years after the authorized body has made a decision to classify a bank as insolvent, to forcefully buy out a bank's shares, to revoke the license of a financial institution, as well as to forcefully liquidate a financial institution or declare it bankrupt;

- 5) recognized by a court in the manner prescribed by the law of the Republic of Kazakhstan as incompetent or partially incompetent;
- 6) who is under dynamic observation with mental behavioral disorders (diseases), including those caused by the use of psychoactive substances, in mental health service organizations;
 - 7) not fluent in the official language.
- 2. The microfinance ombudsman shall not have the right to hold any position in a microfinance organization and (or) a collection agency, have close relatives, a spouse and (or) relatives-in-law working as the head of the authorized body, the National Bank of the Republic of Kazakhstan or their deputies, as well as the head of a structural division of the authorized body, the National Bank of the Republic of Kazakhstan.

Footnote. Article 29-2 as amended by 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 29-3. Procedure for making decisions by the microfinance ombudsman

1. The decision is made by the microfinance ombudsman alone and is communicated in writing to the parties involved in the dispute.

When making decisions, the microfinance ombudsman is guided by the legislation of the Republic of Kazakhstan and the terms of the concluded agreements.

- 2. Microfinance ombudsman shall not consider applications:
- 1) accepted for consideration by the court and (or) for which there is a judicial act that has entered into legal force;
- 2) for which the applicant has not submitted written evidence of his/her appeal to the microfinance organization to the person to whom the right (claim) under the agreement on the provision of a microloan has been assigned, in order to resolve the situation that has arisen within the framework of the agreement on the provision of a microloan;
 - 3) sent again in the absence of new circumstances of the case.
- 3. The decision of the microfinance ombudsman shall be binding on the microfinance organization, the person to whom the right (claim) under the agreement on the provision of a microloan concluded with the borrower an individual has been assigned, if accepted by the borrower an individual.

Consideration of applications from individuals and decision-making in the cases stipulated by paragraphs 1 and 2 of Article 29-1 of this Law shall be carried out by the microfinance ombudsman free of charge.

The results of the consideration of the application shall be formalized in a protocol signed by the interested parties or their representatives, and communicated to the individual and the microfinance organization, the person to whom the right (claim) under the agreement concluded with the borrower on the provision of a microloan has been assigned.

The protocol shall contain:

- 1) the date and place of its signing;
- 2) the last name, first name, patronymic (if indicated in the identity document) of the microfinance ombudsman;
- 3) the last name, first name, patronymic (if indicated in the identity document), contact telephone number of the applicant an individual, the name of the microfinance organization, the person to whom the right (claim) under the agreement concluded with the borrower an individual on the provision of a microloan has been assigned, their addresses and details;
 - 4) the subject of the dispute or the stated claim of the individual;
 - 5) the circumstances of the case established by the microfinance ombudsman;
- 6) the decision of the microfinance ombudsman on full or partial satisfaction or refusal to satisfy the application of the applicant an individual;
 - 7) the period for execution of the decision of the microfinance ombudsman;
- 8) the period for informing the microfinance organization, the person to whom the right (claim) under the agreement concluded with the borrower an individual on the provision of a microloan, about the results of the execution of the decision.
- 4.In response to requests from individual borrowers regarding changes to the terms of fulfillment of obligations under microloan agreements, the microfinance ombudsman shall assist the parties in reaching a mutually acceptable solution and making an agreed upon decision by the parties to change the terms of fulfillment of obligations under the microloan agreement.

In case of disagreement with the decision of the microfinance ombudsman, the interested party has the right to go to court.

5. In case of failure by a microfinance organization, the person to whom the right (claim) under the microloan agreement concluded with the borrower has been assigned, to comply with the decision of the microfinance ombudsman within the time limit established by the microfinance ombudsman, the microfinance ombudsman shall be obliged to inform the authorized body thereof no later than five working days.

The time limit for fulfillment by a microfinance organization, the person to whom the right (claim) under the microloan agreement concluded with the borrower has been assigned, of the decision of the microfinance ombudsman shall be thirty calendar days, unless another time limit is established by agreement of the parties.

Article 29-4. Activities of the microfinance ombudsman

- 1. The activities of the microfinance ombudsman, including the procedure and timeframes for considering applications for dispute resolution and decision-making, are carried out on the basis of the internal rules of the microfinance ombudsman.
- 2. In order to properly perform the assigned functions, the activities of the microfinance ombudsman are financed by mandatory contributions from microfinance organizations, collection agencies to which the right (claim) under the agreement concluded with the borrower on the provision of a microloan has been assigned.

In the event of non-payment, late payment or partial payment of mandatory contributions, the microfinance ombudsman is obliged to notify the authorized body within seven working days of improper performance by the microfinance organization, collection agency to which the right (claim) under the agreement concluded with the borrower on the provision of a microloan has been assigned of its obligations stipulated by part one of this paragraph.

- 3. The microfinance ombudsman, in agreement with the council of representatives, forms an office with an organizational structure and staff.
 - 4. The internal rules of the microfinance ombudsman shall define:
- 1) the structure, tasks and powers of the audit commission and other permanent bodies (if any);
 - 2) the rights, duties and responsibilities of the microfinance ombudsman;
 - 3) the procedure for resolving disputes;
- 4) other issues related to the implementation of the activities of the microfinance ombudsman.
- 5. The microfinance ombudsman is obliged to maintain confidentiality with respect to information obtained in the course of resolving disputes and not to disclose it to third parties.

The microfinance ombudsman shall bear responsibility established by the laws of the Republic of Kazakhstan for the disclosure of information obtained in the course of carrying out his activities.

Should the microfinance ombudsman fail to observe the requirements set forth in part one of this paragraph, the council of representatives shall be entitled to consider the early termination of the microfinance ombudsman's powers.

- 6. The following information is posted on the microfinance ombudsman's website:
- 1) full name, address (location), telephone numbers, office hours, including divisions and representative offices;
 - 2) information on the election of the microfinance ombudsman;
- 3) a list of associations (unions) that are members of the council of representatives of the microfinance ombudsman;
 - 4) information on the types of services provided by the microfinance ombudsman;
- 5) the procedure for recording, reviewing, adopting and executing decisions of the microfinance ombudsman;
 - 6) monthly information on the results of the microfinance ombudsman's work;
 - 7) annual reports on the results of the microfinance ombudsman's activities;
- 8) a section for consumers of financial services with the publication of informational and explanatory materials and materials of judicial practice;
- 9) a list of agreements and memoranda concluded with participants in the microfinance market.
- 7. In the event of a change in location, the microfinance ombudsman is obliged to notify consumers of financial services by publishing an announcement in two periodical printed

publications distributed throughout the territory of the Republic of Kazakhstan, in Kazakh and Russian languages no later than one month, and on the Internet resource of the microfinance ombudsman within ten working days.

- 8. The microfinance ombudsman, by decision of the council of representatives, must ensure:
- 1) the use of specialized software for the automation of accounting and processing of requests from borrowers individuals;
- 2) the introduction of a call center or hotline in the office of the microfinance ombudsman to provide consulting services to borrowers individuals;
- 3) prompt receipt of a credit report of a borrower -individual in the information base of the credit bureau on the basis of an agreement in order to resolve disagreements.

Based on the analysis of requests from borrowers -individuals, the microfinance ombudsman has the right to send recommendations to the authorized body on improving the legislation of the Republic of Kazakhstan on microfinance activities, as well as the activities of microfinance organizations and (or) collection agencies.

- 9. The authorized body:
- 1) coordinates the internal rules of the microfinance ombudsman;
- 2) considers complaints from borrowers individuals regarding the actions (inaction) of the microfinance ombudsman;
- 3) sends recommendations to the council of representatives on the activities of the microfinance ombudsman in cases where violations of the rights of consumers of financial services are detected in the actions (inaction) of the microfinance ombudsman;
- 4) performs other functions related to the activities of the microfinance ombudsman, in accordance with this Law.

Footnote. Article 29-4 as amended by Law of the Republic of Kazakhstan № 205-VIII of 30.06.2025 (shall take effect sixty calendar days after the date of its first official publication).

Chapter 5. FINAL AND TRANSITIONAL PROVISIONS Article 30. Liability for breach of the legislation of the Republic of Kazakhstan on microfinance activities

Breach of the legislation of the Republic of Kazakhstan on microfinance activities shall entail liability established by the laws of the Republic of Kazakhstan.

Footnote. Article 30 as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.01.2021).

Article 31. Transitional provisions

1. Microcredit organizations, with the exception of non-commercial organizations shall be subject to state reregistration in accordance with the Laws of the Republic of Kazakhstan within the term, by 1 January, 2016.

In case of non-compliance with the requirement established by this paragraph, microcredit organizations shall be subject to forced reorganization or liquidation in accordance with the laws of the Republic of Kazakhstan.

- 2. Non-commercial microcredit organizations shall be subject to reorganization or liquidation in accordance with the Laws of the Republic of Kazakhstan within the term, by 1 January, 2016.
- 2-1. Microfinance organizations that were established before January 1, 2021 and did not submit applications to the authorized body before March 1, 2021 for obtaining a license to carry out microfinance activities shall be subject to reorganization or liquidation in accordance with the laws of the Republic of Kazakhstan, with the exception of credit partnerships that are entitled to apply for obtaining a license for microfinance activities until June 1, 2021.
- 2-2. No person, independently or jointly with another (other) person (persons), may directly or indirectly own and (or) use and (or) dispose of participation interests in the authorized capital or placed shares of microfinance organizations, if it is a legal entity, the founder (shareholder, participant) or executive officer of which was previously the top executive or founder (participant) of a microfinance organization for a period not exceeding one year prior to the adoption by the authorized body of a decision to exclude from the register of microfinance organizations, except for the case when the specified organizations were excluded from the register of microfinance organizations in connection with their decision to voluntarily terminate their activities through reorganization or liquidation.
- 2-3. Before submitting an application for a license to carry out microfinance activities, microfinance organizations are required to close the premises of the branches, the location of which does not meet the requirements of paragraph 3 of Article 14-1 of this Law.
- 3. Excluded by the Law of the Republic of Kazakhstan dated 03.07.2020 № 359-VI (effective from 01.01.2021).
- 4. Excluded by the Law of the Republic of Kazakhstan dated 03.07.2020 № 359-VI (effective from 01.01.2021).
- 5. Excluded by the Law of the Republic of Kazakhstan dated 03.07.2020 № 359-VI (effective from 01.01.2021).
- 6. Excluded by the Law of the Republic of Kazakhstan dated 03.07.2020 № 359-VI (effective from 01.01.2021).

Footnote. Article 31 with the change introduced by the Law of the Republic of Kazakhstan dated 02.07.2018 № 168-VI (shall be enforced upon the expiration of ten calendar days from the date of its first official publication); dated 03.07.2020 № 359-VI (effective from 01.01.2021); dated 02.01.2021 № 399-VI (effective from 01.01.2021); dated 24.05.2021 № 43-VII (effective from 01.01.2021).

The microfinance organization shall notify the authorized body of the approval of financial products by the microfinance organization's body authorized to approve financial products within ten working days from the date of their approval.

List of financial products, the approval thereof shall be notified by the microfinance organisation to the authorised body, the procedure for notifying the authorised body of the approval of financial products by a microfinance organisation, as well as the list of documents enclosed with the notification and information on the approved financial products specified in the notification, shall be governed by the regulatory legal acts of the authorised body.

Footnote. Chapter 5 is supplemented by Article 31-1 in accordance with the Law of the Republic of Kazakhstan dated 16.05.2014 № 203-V (shall be enforced six months after the date of its first official publication); as amended by the Law of the Republic of Kazakhstan dated 02.01.2021 № 399-VI (effective from 01.01.2021); as amended by Law of the Republic of Kazakhstan № 205-VIII of 30.06.2025 (shall be enacted sixty calendar days after the date of its first official publication).

Article 32. The order of enforcement if this Law

- 1. This Law enters into force upon expiry of ten calendar days after its first official publication, with the exception of paragraphs 3 and 4 of Article 14 of this Law that shall be enforced from 1 January, 2016.
- 2. The Law of the Republic of Kazakhstan dated March 6, 2003 "On microcredit organizations" (The Bulletin of the Parliament of the Republic of Kazakhstan, 2003, № 4, Article 23; 2006, № 11, Article 55; № 23, Article 140; 2010 № 7, Article 28; 2011, № 3, Article 32) shall be deemed to have lost force.

The President of the Republic of Kazakhstan

N. NAZARBAYEV

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