

**On targeted capital funds and endowment funds (target capital)**

***Unofficial translation***

Law of the Republic of Kazakhstan dated June 30, 2025 № 199-VIII LRK

      Unofficial translation

      This Law shall regulate public relations arising from the creation, management, and liquidation of targeted capital funds, the formation, replenishment, and dissolution of endowment funds (target capital), and the use of their investment income, as well as the trust management of endowment fund (target capital).

 **Chapter 1. GENERAL PROVISIONS**

**Article 1. Basic concepts used in this Law**

      This Law shall use the following basic concepts:

      1) diversification – the allocation of endowment fund (target capital) to various financial instruments in order to reduce the risk of a decrease in their value;

      2) management company (fiduciary) – a professional participant in the securities market that shall manage an investment portfolio on the basis of a license issued by the authorized body for the regulation, control, and supervision of the financial market and financial organizations, or targeted capital fund that independently shall manage the assets of endowment funds (target capital);

      3) voluntary donations – money and other property transferred to targeted capital fund or endowment fund (target capital) for charitable purposes;

      4) investment declaration – a document providing a list of investment objects, objectives, strategies, fiduciary obligations, conditions and restrictions on investment activities in relation to the assets of endowment funds (target capital), hedging and diversification conditions;

      5) investment income – the increase in the assets of an endowment fund (target capital) in monetary terms, obtained as a result of their investment;

      6) authorized body in the field of charity – the central executive body that shall exercise leadership in the field of charity;

      7) authorized body for the regulation, control, and supervision of the financial market and financial organizations – a state body that shall carry out state regulation, control, and supervision of the financial market and financial organizations;

      8) targeted capital fund – a non-profit organization established in the organizational and legal form of a fund, operating in the social sphere, managing the assets of an endowment fund (target capital) to generate investment income and finance charitable projects provided for in the charitable program of the endowment fund (target capital), in accordance with the procedure provided for by this Law;

      9) affiliated individuals of the targeted capital fund – individuals or legal entities (with the exception of state bodies exercising control and supervisory functions within the scope of their powers) that shall have the ability to directly and/or indirectly determine decisions and/or influence decisions made by each other (one of the individuals), including by virtue of a concluded transaction;

      10) targeted capital fund agreement – an agreement under which one party (the contributor) shall transfer ownership, use, and disposal rights to an endowment (targeted contribution) to the other party (target capital) for an indefinite period or for a period of at least ten years in order to receive investment income while ensuring the preservation and integrity of the endowment (targeted contribution) and financing charitable projects provided for in the charitable program of the endowment fund (target capital);

      11) beneficiary – an individual receiving charitable assistance from targeted capital fund or endowment fund (target capital);

      12) contributor – an individual or legal entity that shall be a party to a targeted capital contribution agreement;

      13) trust management agreement – an agreement on the management of an investment portfolio comprising the assets of an endowment fund (target capital), concluded by a management company (fiduciary) with a targeted capital fund on the transfer of endowment fund (target capital) in accordance with the requirements established by the Civil Code of the Republic of Kazakhstan and this Law;

      14) net asset value – the monetary expression of the value of the assets of endowment funds (target capital), determined as the difference between the value of all assets of endowment funds (target capital) and their liabilities or accrued expenses payable from the assets of endowment funds (target capital);

      15) fiduciary obligations – obligations to carry out activities related to the management of endowment fund assets (target capital) and to invest them reasonably, conscientiously, and honestly, assumed by the management company (fiduciary) in accordance with this Law;

      16) endowment fund (target capital) assets – the total assets owned by the targeted capital fund on the basis of ownership rights or a target contribution agreement;

      17) charitable program of an endowment fund (target capital) – a system of measures, including the terms and procedure for the implementation of charitable assistance financed from investment income;

      18) endowment fund (target capital) – property of the endowment fund, which shall be formed and (or) replenished at the expense of endowments (target contributions) and investment income, as well as the targeted capital fund's own funds, and shall be used to finance charitable projects provided for by the charitable program of the endowment fund (target capital);

      19) endowment (target contribution) – property donated or transferred for ownership, use, and disposal with the guarantee of preservation and integrity in accordance with the terms of the donation, contribution, or target contribution agreement(s), as well as a will.

**Article 2. Scope of the Law**

      The specifics of regulating relations related to the activities of targeted capital funds and endowment funds (targeted capital) shall be established by this Law and other Laws of the Republic of Kazakhstan.

      This Law shall not apply to the formation, replenishment, and use of the endowment funds (target capital) of Nazarbayev University, Nazarbayev Intellectual Schools, and the Nazarbayev Foundation.

**Article 3. Legislation of the Republic of Kazakhstan on targeted capital funds and endowment funds (target capital)**

      1. The legislation of the Republic of Kazakhstan on targeted capital funds and endowment funds (target capital) shall be based on the Constitution of the Republic of Kazakhstan and consist of the Civil Code of the Republic of Kazakhstan, this Law, and other regulatory legal acts of the Republic of Kazakhstan.

      2. International treaties ratified by the Republic of Kazakhstan shall take precedence over this Law. The procedure and conditions for the application of international treaties to which the Republic of Kazakhstan shall be a party shall be determined by the legislation of the Republic of Kazakhstan.

**Article 4. Main purpose and objectives of this Law**

      1. The main purpose of this Law shall be to provide financial support to charitable entities covered by the charitable program of the endowment fund (target capital) by investing money and/or other assets of the endowment fund (target capital) and subsequently using the investment income.

      2. The main objectives of this Law shall be:

      1) to attract additional funds for sustainable financial support of charitable projects provided for by the charitable program of the endowment fund (target capital);

      2) to invest the assets of the endowment fund (target capital) in accordance with the investment declaration and the legislation of the Republic of Kazakhstan;

      3) providing charitable assistance to beneficiaries;

      4) ensuring the transparency and accountability of the targeted capital funds’ activities, protecting the legitimate interests of contributors, and improving the financial literacy of citizens, including by providing access to information about targeted capital funds’ activities within the scope of the purposes and objectives established by this Law.

**Article 5. Basic principles for the formation and replenishment of the endowment funds (target capital) and the use of its investment income**

      1. Depositors, targeted capital funds, and management companies (fiduciaries) shall participate in the activities of endowment funds (target capital) based on the principles of legality, equality, voluntariness, transparency, sound asset management, and intergenerational equality.

      The principle of legality shall consist in compliance with the legal regime establishing the actual effect of the law, under which all individuals strictly comply with the legal standards enshrined in the Constitution of the Republic of Kazakhstan, this Law, and other regulatory legal acts of the Republic of Kazakhstan.

      The principle of equality shall consist in compliance with the legal regime ensuring equal rights of the contributor, targeted capital funds, and management companies (fiduciaries) before the law and in court, regardless of their origin, social, official, and property status, gender, race, nationality, language, attitude toward religion, beliefs, place of residence, or any other circumstances.

      The principle of voluntariness shall consist in compliance with the legal regime establishing the right of the contributor and the targeted capital fund to provide assistance to the beneficiary and the right of the beneficiary to receive or not receive such assistance without coercion from third parties.

      The principle of transparency shall consist in complying with the legal regime establishing the rights of contributors, targeted capital fund, and management company (fiduciary) to openly participate in the activities of the endowment fund, freely report on the results of such participation in the media, and not to obstruct the disclosure of information on tax, financial, and accounting reports relating to the endowment fund (endowment fund).

      The principle of prudent asset management shall consist of complying with the legal regime establishing fiduciary obligations for the management company (fiduciary).

      The principle of intergenerational equity shall consist in complying with the legal regime establishing the obligation of the endowment fund to take into account the interests and needs of future generations when making decisions and taking actions.

      2. The freedom to implement the principles provided for in this Law may be restricted only by the Laws of the Republic of Kazakhstan.

**Article 6. Charitable program of the endowment fund (target capital)**

      1. Charitable programs of the endowment fund (target capital), financed from investment income, shall include charitable projects in the fields of education, science and innovation, mass sports, medicine, medical services, and social protection of the population.

      2. The charitable program of the endowment fund (target capital) shall be developed and approved for each endowment fund (target capital).

      3. The charitable program of the endowment fund (target capital) shall include charitable projects, goals, objectives, implementation period, and estimated income and expenses.

      4. The development, approval, and implementation of the charitable program of the endowment fund (target capital) shall be carried out by the targeted capital fund in the interests of the beneficiary.

      5. The beneficiary shall use the funds received from the endowment fund (target capital) in accordance with the approved charitable program of the endowment fund (target capital).

      6. The beneficiary shall submit a report on the use of funds to the board of trustees in the manner and within the time limits established by the board of trustees.

      The board of trustees shall have the right to request additional information, shall verify the targeted use of the endowment fund (target capital), and make decisions to suspend or terminate funding in the event of violations.

**Article 7. Types of activities of the targeted capital fund**

      1. The targeted capital fund shall carry out the following activities:

      1) owning, using, and disposing of endowment funds (target contributions);

      2) forming and/or replenishing endowment funds (targeted capital);

      3) managing the assets of endowment funds (target capital);

      4) investing the assets of endowment funds (target capital);

      5) financing charitable projects provided for by the charitable program of the endowment fund (target capital);

      6) interacting with contributors, founders, beneficiaries, and other participants;

      7) carrying out initiatives aimed at increasing the assets of endowment funds (target capital) by raising money and attracting endowments (target contributions);

      8) other activities provided for by the legislation of the Republic of Kazakhstan and the charter of the targeted capital fund.

      2. All activities of the targeted capital fund shall be aimed at achieving the objectives set forth in this Law and the founding documents.

 **Chapter 2. COMPETENCE OF STATE BODIES OF THE REPUBLIC OF KAZAKHSTAN**

**Article 8. Competence of the authorized body in the field of charity**

      The authorized body in the field of charity:

      1) develop and approve a model charter for targeted capital fund in agreement with the authorized body in the field of science and higher education;

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

**Article 9. Competence of the authorized body for regulation, control, and supervision of the financial market and financial organizations**

      The authorized body for the regulation, control, and supervision of the financial market and financial organizations shall:

      1) develop and approve regulatory legal acts establishing a list of financial instruments that may be included in the assets of endowment funds (target capital), as well as rules for their management-by-management companies (fiduciaries);

      2) develop and approve rules for calculating the value of net assets and assets of endowment funds (target capital);

      3) exercise control and supervision over compliance with the requirements of this Law and regulatory legal acts establishing the list of financial instruments that may be included in the assets of endowment funds (target capital), as well as the rules for their management-by-management companies (fiduciaries) and the rules for calculating the value of net assets and assets of endowment funds (target capital);

      4) exercise other powers provided for by this Law, other Laws of the Republic of Kazakhstan, and acts of the President of the Republic of Kazakhstan.

 **Chapter 3. TARGETED CAPITAL FUND**

**Article 10. Establishment of a targeted capital fund**

      1. A targeted capital fund shall be created by a decision of the founders, which shall include the following information:

      1) the name and location of the founders;

      2) the size of the endowment fund (target capital), order and deadlines of its formation or replenishment;

      3) how the endowment fund and its assets shall be managed;

      4) the term of the endowment fund (target capital);

      5) the written consent of the beneficiary to finance charitable projects provided for by the charitable program of the endowment fund (target capital);

      6) the beneficiary's written consent to the use of their name or title in determining the purpose of the endowment fund (target capital).

      2. The property of the targeted capital fund shall consist of:

      1) voluntary donations from individuals and legal entities;

      2) property transferred under a trust management agreement (agreements);

      3) endowments (target contributions) from individuals and legal entities transferred under a targeted contribution agreement (agreements);

      4) contributions from the founders of the targeted capital fund;

      5) investment income from the management of the assets of the endowment fund (target capital);

      6) other sources not prohibited by the laws of the Republic of Kazakhstan.

      3. The beneficiaries of the targeted capital fund shall be determined by its founding documents or by a decision of the board of trustees on the creation of an endowment fund (target capital), a donation agreement (agreements), a donation, a targeted contribution, as well as a will in accordance with the civil legislation of the Republic of Kazakhstan, taking into account the peculiarities provided for by this Law.

      4. The targeted capital fund shall acquire the rights of a legal entity from the moment of its state registration.

      State registration of the targeted capital fund shall be carried out in accordance with the procedure established by the legislation of the Republic of Kazakhstan on state registration of legal entities and accounting registration of branches and representative offices.

      5. The structure and management bodies of the targeted capital fund, as well as other information specified in paragraphs 1 and 2 of this Article, shall be established in its charter in accordance with the legislation of the Republic of Kazakhstan on non-profit organizations, taking into account the specific features of this Law.

      6. The founding documents of the targeted capital und shall be the founding agreement and the charter approved by the founders, which shall be developed in accordance with the model charter of the targeted capital fund.

**Article 11. Founders of the targeted capital fund**

      1. The founders of the targeted capital fund shall be individuals and/or legal entities.

      2. Property contributed and transferred by the founders to the targeted capital fund under a gift agreement, donation agreement, targeted contribution agreement, or will shall not be encumbered by the rights of third parties.

      3. The founders of the targeted capital fund shall be obliged to provide complete and accurate information about the assets transferred to the targeted capital fund on its official website, as well as to ensure their transfer to the ownership of the targeted capital fund.

**Article 12. Management bodies of the targeted capital fund**

      1. The management bodies of the targeted capital fund shall be:

      1) the collegial supreme body – the board of trustees;

      2) the executive body – a collegial body or an individual who independently shall perform the functions of the executive body, the name of which shall be established by the charter of the targeted capital fund;

      3) the internal audit service – a supervisory body elected or appointed by the board of trustees;

      4) other bodies in accordance with this Law and the Charter of the targeted capital fund.

      2. The procedure for appointing, dismissing, and the powers and responsibilities of employees of the targeted capital fund shall be established by the Laws of the Republic of Kazakhstan and the Charter of the targeted capital fund.

      3. Advisory and consultative bodies of the targeted capital fund may be established exclusively by decision of the board of trustees for the purpose of developing proposals and recommendations on issues within the competence of the board of trustees.

**Article 13. Board of trustees**

      1. Board of Trustees shall:

      1) determine the overall strategy and directions of the targeted capital fund's activities;

      2) determine the objectives, for which the targeted capital fund form and/or replenish the endowment fund (target capital) in accordance with this Law;

      3) approve amendments in the composition and number of members of the Board of Trustees;

      4) make decisions on the formation and/or replenishment of the endowment fund (target capital), the term for which the endowment fund (target capital) shall be formed (if the term is not specified in the target contribution agreement), and the dissolution of the endowment fund (target capital);

      5) introduce amendments and/or additions to the charter of the targeted capital fund;

      6) approve internal documents establishing the procedure for the targeted capital fund's activities in accordance with this Law and the Laws of the Republic of Kazakhstan;

      7) approve the rules of professional ethics for the management and investment of endowment fund (target capital) assets;

      8) approve the accounting policy of the targeted capital fund;

      9) approve the annual financial statements in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting;

      10) annually approve the financial plan of the targeted capital fund (hereinafter referred to as the financial plan);

      11) monitor the implementation of the financial plan;

      12) approve the investment declaration, as well as amendments and/or additions to it;

      13) determine the purpose and objectives of the use of the targeted capital fund's own funds and voluntary donations, if the donation agreement does not specify these conditions;

      14) develop and approve requirements for management companies (fiduciaries);

      15) approve charitable programs of the endowment fund (target capital);

      16) monitor the implementation of the charitable program of the endowment fund (target capital);

      17) annually approve the amount of expenses for ensuring the activities of the targeted capital fund;

      18) make decisions on the appointment or dismissal of the head of the executive body of the targeted capital fund, the number of members of the executive body (the person who solely shall perform the functions of the executive body) and the term of their (his) powers, the procedure for their appointment and early termination of their (his) powers;

      19) make decisions on the appointment or dismissal of the head of the internal audit service;

      20) make decisions on the creation of advisory and consultative bodies of the targeted capital fund;

      21) approve the regulations on the activities of the advisory and consultative bodies of the targeted capital fund;

      22) determine the management company (fiduciary) and audit organization, as well as the amount and forms of their remuneration;

      23) make decisions on fundraising and approve a standard form of a targeted contribution agreement for fundraising to form and/or replenish the endowment fund (target capital);

      24) determine the purpose and objectives of the use of investment income, as well as the beneficiaries, the amount of payments to beneficiaries from investment income, the frequency and procedure for their implementation in cases where the specified conditions shall not be defined in the targeted contribution agreement;

      25) approve the targeted capital deposit agreement submitted by the executive body, on the basis of which the endowment fund (target capital) shall be formed and/or replenished;

      26) annually approve the plan for information and explanatory work of the targeted capital fund in its areas of activity;

      27) approve the regulations on remuneration and bonuses for employees of the targeted capital fund;

      28) perform other functions provided for by this Law, the legislation of the Republic of Kazakhstan, and the Charter of the targeted capital fund.

      2. The Board of Trustees shall be formed from among the founders of the targeted capital fund (their representatives), contributors (their representatives), citizens, and representatives of legal entities who have rendered services to society, have authority, and/or have achievements in the field corresponding to the objectives of the targeted capital fund.

      The board of trustees may not include two or more individuals who shall be representatives of the same legal entity or different legal entities that shall be affiliated with the targeted capital fund. This restriction shall not apply to representatives of the founders of the targeted capital fund. The founders of the endowment fund or their representatives may constitute no more than one-third of the board of trustees.

      The targeted capital fund shall not be entitled to pay remuneration to members of the board of trustees and members of the advisory and consultative bodies of the endowment fund for the performance of their duties.

      3. The initial composition of the board of trustees shall be approved by the founders of the endowment fund and shall not be less than seven members.

      4. A contributor whose endowment (target contribution) amounts to more than ten percent of the endowment fund (target capital) as of the last reporting date shall have the right to request that they or their representative be included in the composition of the board of trustees. In this case, the board of trustees shall be obliged to decide on the inclusion of such a contributor or his representative in the board of trustees within one month from the date of receipt of the relevant request from the contributor, provided that such inclusion shall not contradict paragraph 2 of this Article.

**Article 14. Executive body**

      1. The executive body shall be responsible for managing the current activities of the targeted capital fund.

      The executive body may be collegial or sole.

      The executive body shall manage the current activities of the targeted capital fund, except for matters referred to in this Law and the targeted capital fund's charter as falling within the exclusive competence of the board of trustees, and shall be accountable to the board of trustees.

      Decisions of the collegial executive body shall be recorded in minutes, which shall be signed by all members of the executive body present at the meeting and shall contain the issues put to the vote, the results of the vote on them, reflecting the result of the vote of each member of the executive body on each issue.

      The transfer of voting rights by a member of the executive body to another person, including another member of the executive body, shall not be permitted.

      The executive body shall be obliged to implement the decisions of the board of trustees.

      2. The head of the executive body shall:

      1) organize the implementation of the decisions of the board of trustees;

      2) act without power of attorney on behalf of the targeted capital fund in relations with third parties;

      3) issue powers of attorney for the right to represent the targeted capital fund in its relations with third parties within the limits of its competence;

      4) hire, transfer, and dismiss employees of the targeted capital fund (except in cases established by this Law), apply incentives and imposes disciplinary sanctions on them; set the salaries of employees of the targeted capital fund and personal allowances to salaries in accordance with the staffing table and the regulations on remuneration and bonuses for employees of the targeted capital fund, except for employees who shall be members of the executive body and the internal audit service;

      5) in case of absence, assign the performance of his duties to one of the members of the collegial executive body;

      6) distribute duties, as well as areas of authority and responsibility among the members of the executive body;

      7) ensure the development of charitable programs of the endowment fund (target capital) taking into account the proposals of the beneficiaries;

      8) submit the charitable programs of the endowment fund (target capital) to the board of trustees for approval;

      9) implement the charitable programs of the endowment fund (target capital) approved by the board of trustees;

      10) develop and implement the information and outreach plan approved by the board of trustees.

      11) perform other functions established by this Law, the charter of the targeted capital fund and decisions of the board of trustees.

      3. Members of the collegial executive body may be employees of the targeted fund.

      A member of the executive body shall have the right to work in other organizations only with the consent of the board of trustees.

      The head of the executive body or the person solely exercising the functions of the executive body shall not be entitled to hold the position of the head of the executive body or the person solely exercising the functions of the executive body or another legal entity or to hold the position of the head of a branch or representative office of a foreign legal entity.

      The functions, rights and obligations of a member of the executive body shall be established by this Law, the Laws of the Republic of Kazakhstan, the charter of the targeted capital fund, as well as an employment agreement concluded between a member of the executive body and the endowment fund.

      The employment contract on behalf of the endowment fund with the head of the executive body is signed by the chairman of the board of trustees or a person authorized by the board of trustees. The employment contract with other members of the executive body shall be signed by the head of the executive body.

      4. The head and members of the executive body shall not be members of the board of trustees.

      5. The depositor and its representatives, as well as affiliates of the targeted capital fund, shall not be entitled to hold the position of head or members of the executive body.

      6. In carrying out their duties, the head and members of the executive body must act in the interests of the targeted capital fund.

**Article 15. Internal audit services**

      1. An internal audit service shall be established to monitor financial and economic activities and ensure internal control.

      2. Employees of the internal audit service cannot be elected to the board of trustees and the executive body.

      Dismissal of employees of the internal audit service without the approval of the Board of Trustees shall not be allowed.

      3. The Internal audit service shall be directly subordinate to the Board of Trustees and reports to it on its work.

      4. Internal audit service shall:

      1) check compliance with the legislation of the Republic of Kazakhstan, the charter of the targeted capital fund and internal documents of the targeted capital fund establishing the procedure for carrying out the activities of the targeted capital fund;

      2) identify cases of misuse of funds and violations of fiduciary obligations;

      3) annually submit the audit report for the past year for its approval to the Board of Trustees with, if necessary, an explanatory note to the audit report on the presence of identified and (or) potential violations;

      4) interact with the professional audit council established in accordance with the legislation of the Republic of Kazakhstan on audit activities, as well as, if necessary, with other audit organizations.

      5. The Internal audit service shall report directly to the Chairman of the Board of Trustees on the existence of identified and (or) potential violations of the legislation of the Republic of Kazakhstan, the charter of the targeted capital fund and internal documents of the targeted capital fund establishing the procedure for the implementation of the targeted capital fund.

**Article 16. Financial reporting and audit of targeted capital fund**

      1. The procedure for accounting and financial reporting of the targeted capital fund shall be established by the legislation of the Republic of Kazakhstan on accounting, financial reporting and international financial reporting standards.

      2. The targeted capital fund shall keep accounting records and shall submit financial statements separately for own funds and assets of the endowment fund (target capital) in the manner prescribed by the legislation of the Republic of Kazakhstan.

      Accounting and financial reporting shall be carried out by the executive body.

      3. The executive body annually shall submit to the Board of Trustees the annual financial statements for the past year, the audit of which has been carried out in accordance with the legislation of the Republic of Kazakhstan on audit activities, for its approval.

      4. The targeted capital fund shall be obliged to annually publish on its official Internet resource the annual financial statements, audit report, report on the implementation of charitable programs of endowment funds (target capital), report on the use of own funds of the targeted capital fund and assets of the endowment fund (target capital) and report on administrative and management expenses of the endowment fund within thirty calendar days after their approval by the Board of Trustees.

      5. The targeted capital fund shall be required to conduct an independent audit of the annual financial statements.

**Article 17. Rights and obligations of depositors**

      1. Depositors shall have the right to:

      1) receive upon request information on the activities of the targeted capital fund, its financial condition and the use of the assets of the endowment fund (target capital);

      2) offer endowment fund (target capital) charitable programs in accordance with this Law and the charter of the targeted capital fund;

      3) participate in the activities of consultative and advisory bodies and (or) management bodies of the targeted capital fund, if this is provided for by the charter of the targeted capital fund;

      4) participate in the management of the endowment fund in accordance with this Law, constituent and internal documents of the targeted capital fund;

      5) appeal against actions (inaction) or decisions of the management bodies of the targeted capital fund that violate their rights and legitimate interests, in accordance with the legislation of the Republic of Kazakhstan;

      6) demand the return of the endowment (target contribution) in cases of expiration of the target contribution agreement, dissolution of the endowment fund (target capital) and others stipulated by the target contribution agreement.

      2. Depositors shall be obliged to:

      1) comply with the charter of the targeted capital fund in case of participation in the activities of consultative and advisory bodies and (or) management bodies of the endowment fund;

      2) timely and fully transfer the property to the endowment fund (target capital) in accordance with the concluded target contribution agreements;

      3) not to interfere with the activities and functioning of the targeted capital fund, not to use its participation in the activities of the targeted capital fund for purposes contrary to its charter and goals of creation.

      3. Investors shall have other rights and obligations that shall be provided for by the Laws of the Republic of Kazakhstan.

**Article 18. Participation of depositors in managing the targeted capital fund**

      1. Participation of depositors in the management of the targeted capital fund shall be carried out through the inclusion of depositors or their representatives in the board of trustees and (or) advisory bodies of the targeted capital fund.

      2. Participation of depositors or their representatives in the management of the targeted capital fund shall not entail the transfer of ownership of the assets of the endowment fund (target capital) to them.

      3. Depositors or their representatives shall not be entitled to receive remuneration for performing their functions in managing the targeted capital fund.

**Article 19. Disclosure of affiliate information of targeted capital fund**

      1. Information about affiliates of the targeted capital fund shall not be information constituting official, commercial or other secret protected by the Law.

      2. The targeted capital fund shall keep records, shall ensure full and timely disclosure of information about affiliates of the targeted capital fund.

      3. The procedure for disclosing information about affiliates of the targeted capital fund shall be established by the charter of the targeted capital fund.

      4. Individuals and legal entities affiliated with the targeted capital fund shall be required to submit information about their affiliates to the targeted capital fund within seven calendar days from the date of affiliation.

      5. The decision to conclude an interested-party transaction by the targeted capital fund shall be made by a simple majority of votes of members of the board of trustees who shall not be interested in its conclusion due to affiliation.

**Article 20. Liquidation of the targeted capital fund**

      1. The targeted capital fund may be liquidated voluntarily or involuntarily.

      2. The decision on the voluntary liquidation of the targeted capital fund shall be made by the board of trustees or the body of the targeted capital fund authorized by the constituent documents.

      The body of the targeted capital fund, which decided on the voluntary liquidation of the targeted capital fund, shall appoint a liquidation commission and shall establish the procedure and deadlines for the liquidation of the targeted capital fund in accordance with the Civil Code of the Republic of Kazakhstan, this Law and the Laws of the Republic of Kazakhstan.

      3. Compulsory liquidation of the targeted capital fund shall be carried out by the court in cases and in the manner prescribed by the Laws of the Republic of Kazakhstan.

      The requirement to liquidate the targeted capital fund may be submitted to the court by interested parties, unless otherwise provided by the Laws of the Republic of Kazakhstan.

      4. From the moment the liquidation commission shall be appointed, the powers to manage the property and affairs of the targeted capital fund shall be transferred to it. The liquidation commission on behalf of the liquidated targeted capital fund shall appear in court.

      5. The composition of the liquidation commission shall be determined taking into account the specifics of the activities of the targeted capital fund with the obligatory inclusion of the following participants:

      1) representatives of the Board of Trustees;

      2) representatives of the executive body;

      3) representatives of the internal audit service;

      4) representatives of depositors who shall not be members of the management bodies of the targeted capital fund.

      6. Upon liquidation of the targeted capital fund, the property remaining after satisfying the claims of creditors shall be directed to the purposes specified in the charter of the targeted capital fund.

      The procedure for satisfying the claims of its creditors shall be regulated by the Laws of the Republic of Kazakhstan.

      7. Information on the liquidation of the targeted capital fund shall be subject to mandatory publication on the official Internet resource of the targeted capital fund within thirty calendar days after the decision to liquidate shall be made. The obligation to publish lies with the liquidation commission.

 **Chapter 4. PROCEDURE FOR FORMATION, REPLENISHMENT, DISSOLUTION OF ENDOWMENT FUND (TARGET CAPITAL) AND USE OF ITS INVESTMENT INCOME**

**Article 21. Formation and (or) replenishment of the endowment fund (target capital)**

      1. Endowment fund (target capital) shall be formed and (or) replenished at the expense of money in national and foreign currency, movable and immovable property, securities, other property and property rights that shall have a monetary value in national currency, on the basis of an agreement (agreements) of donation, donation or earmarked contribution, as well as bequests, contributions of the founders of the targeted capital fund, voluntary donations, investment income on the terms established by the constituent document and (or) the decision of the Board of Trustees on the creation of an endowment fund (target capital).

      2. It shall not be allowed to include in the assets of the endowment fund (target capital) donations intended to finance charitable objects in accordance with the Law of the Republic of Kazakhstan "On charity."

      3. The endowment fund (target capital) must have an individual name that shall identify it in relation to other endowment funds (target capital) and shall contain the name or name of the beneficiary.

      Formation of an endowment fund (target capital) without an individual identifying name shall not be allowed.

      4. Property included in the endowment fund (target capital) shall become the property of the targeted capital fund, with the exception of property transferred under the target contribution agreement.

      5. Formation and (or) replenishment of the endowment fund (target capital) with property encumbered with the rights of third parties shall not be allowed.

      The requirements of the first part of this paragraph shall not apply to "repo" transactions with securities carried out at the expense of the assets of the endowment fund (target capital).

      6. The targeted capital fund shall have the right to form several endowment funds (target capital) on the basis of trust management agreements, as well as in cases where an agreement (s) of donation, donation or endowment contribution, as well as a will, shall define various goals for the formation of an endowment fund (target capital).

      7. Formation, replenishment of the endowment fund (target capital) and the use of investment income for other purposes than those provided for by this Law shall not be allowed.

**Article 22. Raising money for the formation and (or) replenishment of the endowment fund (target capital)**

      1. The targeted capital fund shall have the right to announce the collection of money for the formation and (or) replenishment of the endowment fund (target capital).

      2. The money shall be collected on the basis of a standard form of targeted contribution agreement or with the involvement of voluntary donations.

      3. The endowment fund shall be obliged to observe the transparency of the process of collecting money, to provide access to information about the amount of money collected, their sources and use.

      4. When raising money, voluntary donors accept an offer containing the terms of the donation agreement by joining it.

      5. Voluntary donations shall be made by transferring money to the bank accounts of the targeted capital fund.

      6. The collection of money for the formation and (or) replenishment of the endowment fund (target capital) shall be carried out on the basis of the conclusion of a standard form of the target deposit agreement with each depositor individually.

      7. In case of raising money, the targeted capital fund shall be obliged to provide free access to any interested parties to the following information and documents:

      1) the charter of the targeted capital fund and the certificate of state registration (re-registration) of a legal entity;

      2) information on the address (location) of the permanent executive body;

      3) standard form of target deposit agreement;

      4) financial plan;

      5) endowment fund (capital fund) charity program;

      6) information on the number and personal composition of the Board of Trustees;

      7) information about the management company (fiduciary) indicating its (his) name, address (location) of its permanent executive body;

      8) information on the amount of administrative and management expenses of the targeted capital fund, the share of these expenses financed from investment income in accordance with this Law;

      9) annual financial and audit reports for the last financial year.

      8. In case of raising money for the formation and (or) replenishment of the endowment fund (target capital), the endowment fund shall provide free access to the information and documents specified in subparagraphs 4), 5), 8) and 9) of paragraph 7 of this Article, after the approval of these documents and the formation of this information.

      9. Information and documents provided for in paragraph 7 of this Article shall be posted by the targeted capital fund on its official Internet resource at the following dates:

      1) announcement of the collection of money to replenish the formed endowment fund (target capital) - simultaneously with the announcement of the collection of money;

      2) announcement of the collection of money for the formation of an endowment fund (target capital) - simultaneously with the announcement of the collection of money (with the exception of information and documents specified in subparagraphs 4), 5), 8) and 9) of paragraph 7 of this Article and placed in accordance with paragraph 3 of this paragraph);

      3) approval of the specified documents or amendments made to them, or the formation or change of the specified information after the announcement of the collection of money - no later than three calendar days after the day of approval of the relevant document or the day of the formation or change of the relevant information.

**Article 23. Fiduciary obligations**

      1. Individuals responsible for managing and investing targeted capital fund assets should manage and invest endowment fund assets in accordance with accepted fiduciary obligations.

      2. Taking into account the intentions and legitimate interests of depositors and donors expressed in the targeted contribution agreement, the management company (fiduciary) when managing and investing the assets of the endowment fund (target capital) should take into account the goals of the targeted capital fund and the legitimate interests of the beneficiary.

      3. The management company (fiduciary) shall be obliged to avoid conflicts of interest, as well as violations of fiduciary obligations in the management and investment of endowment fund assets (target capital) and to take measures to prevent and resolve them.

      4. When managing and investing endowment fund assets (target capital), officials of the endowment fund and the management company (fiduciary):

      1) shall be obliged to take measures to ensure control over the effective management and investment of endowment fund assets (target capital);

      2) may not use the assets of the endowment fund (target capital) for personal or corporate purposes of members of the board of trustees, depositors and (or) other individuals associated with the targeted capital fund.

      5. An targeted capital fund can manage two or more endowment funds (target capital)

      6. Fiduciary obligations of targeted capital fund officials when managing and investing endowment fund assets (target capital) and spending its investment income and donations include compliance with the rules of professional ethics of managing and investing endowment fund assets (target capital).

      The rules of professional ethics of management and investment of endowment fund assets (target capital) shall be adopted by the board of trustees and should take into account the following factors:

      1) preservation of the endowment fund (target capital);

      2) the right of ownership established by the contracts of targeted contribution and trust management, which shall be of value to the depositor;

      3) expected return on management and investment of endowment fund assets (target capital), total income and growth from investments;

      4) the impact of inflation or deflation;

      5) the value of each investment or financial transaction in the total investment portfolio;

      6) expected tax consequences of investment decisions or strategies;

      7) general economic conditions.

      Management and investment decisions regarding an individual endowment fund asset should be made taking into account the endowment fund investment portfolio as a whole and as part of the overall investment declaration.

      The targeted capital fund must diversify the assets of the endowment fund (target capital), unless the board of trustees decides that, due to special circumstances, the goals of the endowment fund (target capital) shall be achieved without diversification.

      Individuals authorized to trust and invest the assets of the endowment fund (target capital), in the event of a conflict of interest, shall be obliged to act exclusively in the interests of the targeted capital fund in accordance with the terms of the targeted contribution agreement.

      7. In cases of violation by officials of the targeted capital fund and the management company (fiduciary) of fiduciary obligations, as well as the targeted use of endowment fund assets (target capital), any interested person shall have the right to apply to the court to invalidate the transaction.

      8. An individual who intentionally shall enter into a transaction in violation of fiduciary obligations established by this Law shall not be entitled to demand that the transaction be declared invalid if such a demand is caused by mercenary motives or intent to evade responsibility.

**Article 24. Procedure for using investment income**

      1. Investment income shall be used in accordance with the purposes provided for by this Law, the constituent documents of the endowment fund, the charitable program of the endowment fund (target capital), the donation, donation or endowment contribution agreement (s), as well as the will, or in cases provided for by this Law, by the decision of the board of trustees.

      2. The use of investment income shall be carried out in accordance with the charitable program of the endowment fund (target capital).

      3. The use of investment income shall be subject to control by the management bodies of the targeted capital fund, which ensure its compliance with the goals specified in the constituent documents of the endowment fund.

      4. If the endowment fund (target capital) is formed at the expense of the endowment (target contribution) of one contributor, the charitable program of the endowment fund (target capital) must also be agreed with this contributor, unless otherwise established by the target contribution agreement.

      5. The targeted capital fund shall have the right to use no more than fifteen percent of the amount of investment income received during the reporting period, or in the case of a negative indicator of investment income for the reporting year - no more than 0.5 (zero point five) percent of the average value of the net assets of the endowment fund (target capital) for administrative and management expenses of the targeted capital fund.

      6. Administrative and management expenses of the targeted capital fund shall be payment for rent of premises, buildings and structures, expenses for the purchase of fixed assets and consumables, expenses for conducting an audit, remuneration of employees of the targeted capital fund, expenses for managing the targeted capital fund or its individual structural subdivisions, expenses for purchasing services for managing the targeted capital fund or its individual structural subdivisions.

**Article 25. Dissolution of endowment fund (target capital)**

      1. The endowment fund (target capital) shall be subject to dissolution in the following cases:

      1) by decision of the Board of Trustees in agreement with the founders of the targeted capital fund;

      2) by court decision;

      3) upon expiration;

      4) in others provided for by the Laws of the Republic of Kazakhstan.

      2. The Board of Trustees shall have the right to disband the endowment fund (target capital) in cases where the fulfillment of the goals of the endowment fund (target capital) and (or) the restrictions established by the target contribution agreement violate the requirements of the legislation of the Republic of Kazakhstan.

      3. Gross or repeated (two or more times within six consecutive calendar months) violation by the targeted capital fund of the standards of this Law and (or) the requirements of the charter of the endowment fund shall be the basis for the dissolution of the endowment fund (target capital) by a court decision.

      A gross violation shall mean an obvious and material violation of this Law, which has been committed intentionally or due to bad faith, negligence or ignorance of this Law.

      The authorized body in the field of charity and the authorized body for regulation, control and supervision of the financial market and financial organizations, within their competence, investors, in the manner prescribed by the legislation of the Republic of Kazakhstan, have the right to apply to the court to disband the endowment fund (target capital).

      4. If the endowment fund (endowment capital) is disbanded, if the donation, donation or endowment contribution agreement (s), as well as the will, do not establish the procedure for managing the endowment fund (target capital) assets, the Board of Trustees shall have the right to make one of the following decisions:

      1) on the transfer of the remaining part of the endowment fund (target capital) assets to another endowment fund (target capital), to another endowment fund for the formation and (or) replenishment of the endowment fund (target capital);

      2) on the use of the remaining part of the assets of the endowment fund (endowment capital) for the purposes established by the agreement (agreements) of donation, donation or endowment contribution, as well as a will, or in cases established by this Law, to finance charitable objects provided for by the endowment fund (endowment capital) charity program, in accordance with the financial plan;

      3) to pay off obligations to depositors.

      5. The number of obligations of the targeted capital fund to depositors, their heirs or other successors with whom the target deposit agreement shall be concluded cannot exceed the amount of the initial endowment (target deposit) or, if it is impossible to return securities, real estate in kind, an amount equal to the estimated value of this property, but not more than the initial assessment of the specified property.

      6. Information on the dissolution of the endowment fund (target capital) shall be subject to mandatory publication on the official Internet resource of the targeted capital fund.

      7. The costs associated with the dissolution of the endowment fund (target capital) shall be borne by the endowment fund from the assets of the endowment fund (target capital) or, in case of insufficient property, shall be incurred from other property owned by the targeted capital fund.

 **Chapter 5. MANAGEMENT OF ENDOWMENT FUND ASSETS (TARGET CAPITAL**

**Article 26. Management of Endowment Fund Asset (target capital)**

      1. The endowment fund (target capital) assets shall be managed by the targeted capital fund independently in accordance with this Law and internal documents of the targeted capital fund or with the involvement of a management company (fiduciary).

      2. The targeted capital fund shall be obliged to transfer the financial assets of the endowment fund (target capital) to the trust management of the management company (fiduciary) within three months if the ten-thousandth monthly calculation indicator established for the corresponding financial year by the Law on the republican budget is exceeded.

      3. The procedure for determining a management company (fiduciary) shall be established on the basis of an open tender according to established criteria (professional experience, market reputation, risk management system and asset management procedure, etc.).

      The conditions for holding an open tender to determine the management company (fiduciary) should be published on the official Internet resource of the targeted capital fund.

      4. Other assets of the endowment fund (target capital) specified in paragraph 1 of Article 21 of this Law, not included in the investment portfolio, shall be managed by the endowment fund independently.

      5. During the period of the trust agreement, the targeted capital fund shall not be entitled to perform any actions in relation to the assets of the endowment fund (target capital) held in trust, unless otherwise established by the legislation of the Republic of Kazakhstan.

      6. The financial assets of the endowment fund (target capital), amounting to less than ten thousandths of the monthly calculation indicator established for the corresponding financial year by the Law on the republican budget, can be managed by the management body of the targeted capital fund authorized by the charter of the targeted capital fund.

      The decision to transfer the assets of the endowment fund (target capital) to trust management shall be made by the board of trustees.

      7. Peculiarities of management of endowment fund (target capital) assets constituting immovable and movable property, as well as intellectual property rights, shall be established by the civil legislation of the Republic of Kazakhstan.

**Article 27. Composition of endowment fund assets (target capital)**

      1. The assets of endowment funds (target capital) shall constitute financial instruments and other property of the endowment fund (target capital) in accordance with paragraph 1 of Article 21 of this Law.

      2. The endowment fund investment (target capital) portfolio shall not include:

      1) shares or units of investment funds managed by the management company (fiduciary);

      2) assets issued (provided) by the management company (fiduciary);

      3) financial instruments of one type (issue) of one legal entity in an amount exceeding fifteen percent of the total number of placed financial instruments of this type (issue), with the exception of government securities and agency bonds of financial agencies of the Republic of Kazakhstan.

      If as a result of any transactions with endowment fund assets (target capital) or in other cases, requirements and (or) restrictions on the composition of endowment fund assets (target capital) shall be be violated, the management company (fiduciary) must (must) within one calendar day following such an event notify the authorized body for regulation, control and supervision of the financial market and financial organizations and bring the composition of the assets of the endowment fund (target capital) in accordance with the requirements of this Article within six months from the date of such introduction of amendments in the composition of the endowment fund assets (target capital).

      3. The total volume of investments of endowment funds (target capital) and own assets of the management company (fiduciary) in voting shares of licensees should be less than the amount requiring the consent of the authorized body for regulation, control and supervision of the financial market and financial organizations for their acquisition.

      4. The total amount of investments due to the assets of the endowment fund (target capital) in financial instruments (with the exception of money) issued (provided) by one person and affiliates of the endowment fund shall be established by a regulatory legal act of the authorized body for regulation, control and supervision of the financial market and financial organizations.

**Article 28. Determination of the value of endowment fund assets (target capital)**

      1. Determination of the value of net assets and assets of the endowment fund (target capital) shall be carried out in the manner established by the authorized body for regulation, control and supervision of the financial market and financial organizations.

      2. Determination of the value of net assets and assets of the endowment fund (target capital) shall be made in the national currency of the Republic of Kazakhstan.

      3. The authorized body for regulation, control and supervision of the financial market and financial organizations has the right to give binding instructions to management companies (fiduciaries) in the event of incorrectly applied valuation methods or incorrectly calculated values ​ ​ of the net assets and assets of the endowment fund (target capital).

**Article 29. Investment declaration**

      1. The investment declaration shall be drawn up by the targeted capital fund taking into account the list of financial instruments that may be part of the assets of endowment funds (target capital).

      2. The investment declaration shall contain:

      1) description of the goals, objectives and strategies of the investment policy of the endowment fund (target capital);

      2) a list of investment objects of the endowment fund (target capital), types of transactions, conditions, restrictions and investment limits;

      3) hedging and diversification conditions;

      4) fiduciary obligations, compliance with which shall be ensured in the implementation of investment activities.

      3. The management company (fiduciary) has the right, in the manner and on the terms established by this Law and the trust management agreement, to make proposals to the targeted capital fund to introduce amendments and (or) additions to the investment declaration.

      4. The investment declaration shall be published on the official Internet resource of the targeted capital fund within three calendar days from the date of its approval or introduction of amendments and (or) additions to it.

**Article 30. Operations of the management company (fiduciary)**

      1. The management company (fiduciary) shall carry out trust management of endowment fund assets (target capital) included in the investment portfolio in the interests of the targeted capital fund by performing actions in accordance with the requirements established by this Law, regulatory legal acts of the authorized body for regulation, control and supervision of the financial market and financial organizations, trust management agreement, investment declaration and fiduciary obligations.

      2. The management company (fiduciary) shall:

      1) assess the value of net assets, take into account the movement, composition and value of targeted capital fund assets (target capital) included in the investment portfolio;

      2) carry out periodic, but at least once a month, reconciliation with the custodian of the value, movement and composition of the assets of the endowment fund (target capital) included in the investment portfolio;

      3) periodically, but at least once a month, inform the endowment fund about the composition and value of net assets in accordance with the trust management agreement;

      4) manage endowment fund (target capital) assets included in the investment portfolio based on the need to ensure fiduciary obligations, principles of reliability, liquidity, profitability and diversification;

      5) annually audit the accounting and financial statements related to the trust management of endowment fund assets (target capital) included in the investment portfolio;

      6) notify the endowment fund of the suspension or revocation of a license to carry out activities on the securities market or a license to carry out investment portfolio management activities no later than the day following the day when the management company (fiduciary) learned of such suspension or revocation, in the form and in the manner provided for by the trust management agreement;

      7) carry out separate accounting of assets of endowment funds (target capital) included in the investment portfolio, and submit financial and other statements on them in accordance with the requirements established by the legislation of the Republic of Kazakhstan;

      8) notify the endowment fund of other facts and events related to the trust management of endowment fund assets (endowment capital) included in the investment portfolio, in the manner and within the time frame provided for by the trust management agreement;

      9) disclose information about the endowment fund (target capital) in accordance with the Laws of the Republic of Kazakhstan.

      3. The management company (fiduciary), when making transactions with the assets of the endowment fund (target capital) included in the investment portfolio, shall be obliged (obliged) to indicate the individual name of the endowment fund (target capital) in the interests of which it (he) acts.

      In case of violation of this requirement, the management company (fiduciary) shall fulfill its obligations at its own expense.

**Article 31. Custodial service**

      Custodial service of financial assets of the endowment fund (target capital) transferred to the management company (fiduciary) shall be carried out by the custodian in accordance with the Law of the Republic of Kazakhstan "On securities market", a regulatory legal act of the authorized body for regulation, control and supervision of the financial market and financial organizations and a custodial service agreement.

**Article 32. Limitations in carrying out asset management activities of the endowment fund (target capital) included in the investment portfolio**

      The managing company (fiduciary) in relation to the managed endowment fund (target capital) shall not be entitled to:

      1) use the assets of the endowment fund (target capital) included in the investment portfolio to ensure the fulfillment of own obligations or obligations of third parties not related to the activities of managing the assets of the endowment fund (target capital) included in the investment portfolio;

      2) make transactions, as a result of which the requirements established by the legislation of the Republic of Kazakhstan, fiduciary obligations and investment declaration shall be violated;

      3) make investment decisions on the gratuitous alienation of endowment fund assets (target capital) included in the investment portfolio.

 **Chapter 6. INTERNATIONAL COOPERATION ON TARGETED CAPITAL FUNDS**

**Article 33. International cooperation and foreign economic activity**

      1. International cooperation of the Republic of Kazakhstan in the field of the activities of targeted capital funds shall be carried out in accordance with the legislation of the Republic of Kazakhstan and international treaties of the Republic of Kazakhstan.

      2. International cooperation in the framework of foreign economic activity can be carried out in the following areas:

      1) attracting foreign investments in the assets of the targeted capital fund and the assets of the endowment fund (target capital);

      2) investment of assets of the targeted capital fund and assets of the endowment fund (target capital) in foreign assets in accordance with fiduciary obligations and investment declaration;

      3) participation in international economic and financial projects;

      4) participation in international associations and organizations related to the activities of targeted capital funds and endowment funds (endowments).

      3. The foreign economic activity of endowment funds is aimed at achieving their goals and is carried out taking into account fiduciary obligations, measures to ensure their financial stability and compliance with the principles of effective risk management.

**Article 34. Implementation of activities of endowment funds in the territory of the Astana International Financial Center**

      Endowment funds have the right to carry out activities on the territory of the Astana International Financial Center, observing the rules and requirements established by the Constitutional Law of the Republic of Kazakhstan "On the "Astana" International Financial Center," this Law and acts of the "Astana" International Financial Center.

 **Chapter 7. FINAL PROVISIONS**

**Article 35. Liability for violation of this Law**

      Violation of this Law shall entail liability in the manner prescribed by the Laws of the Republic of Kazakhstan.

**Article 36. Procedure for enactment of this Law**

      This Law shall enter into force upon expiry of sixty calendar days after the day of its first official publication.

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*President**of the Republic of Kazakhstan*
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*K. TOKAYEV*
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