

**The Law of the Republic of Kazakhstan dated 13 May, 2003 №.415  
On joint stock companies**

*Unofficial translation*

This Law defines the legal status, the procedure of incorporation, activity, reorganization and liquidation of a joint stock company, the rights and obligations of shareholders, as well as the measures for protection of their rights and interests; competence, the order of formation and functioning of bodies of a joint stock company; powers, the order of election and responsibilities of its officials.

**Chapter 1. General provisions**

**Article 1. Basic definitions, used in this Law**

- 1) a qualified majority - the majority of not less than three-quarters;
- 2) convertible security - a security of a joint stock company, replaceable by another valuable security of a different kind under the terms and in the order, defined by the prospectus of the share issue;
- 3) a shareholder - a person that is the owner of the shares;
- 4) a share - a security, issued by a joint stock company and certifying the right to manage the joint stock company, receiving the dividends on it and a part of the joint stock company's assets upon its liquidation, as well as other rights, provided in this Law and other legislative acts of the Republic of Kazakhstan;
- 5) majority shareholding - the stock of shares, entitling to influence the decisions, taken by the joint stock company;
- 6) a nominal value of a share - the price at which the shares are distributed among the founders (paid by the sole founder), single to all ordinary and preferential shares, and defined in the foundation agreement (the decision of the sole founder) of the joint stock company;
- 7) affiliated persons - individuals or legal entities (with the exception of the state bodies, exercising control and supervisory functions within the delegated powers), having the ability to influence the decisions directly and (or) indirectly, taken by each other (one of the entities), including in virtue of a deal. The list of the affiliated persons of the joint stock company is established in article 64 of this Law;
- 8) voting shares - the placed ordinary stocks, as well as the preferential shares, entitled to vote in the cases, provided by this Law. The number of voting shares shall not include the shares, purchased by a joint stock company, as well as the shares, that are in nominee holding and owned by the owner, the data on whom is not recorded in the central securities depository;
- 9) a dividend - the benefit of a shareholder, coming from the shares, belonging to him, and paid by a joint stock company;
- 10) authorized shares - the stocks, issuance of which registered by the authorized body in accordance with the legislation of the Republic of Kazakhstan on securities market;
- 11) a corporate website - the official electronic web site, owned by the joint stock company, meeting the requirements, established by the authorized body. Presence of a corporate web site is obligatory for public companies;
- 12) a corporate secretary - an employee of a joint stock company, that is not a member of the board of directors and (or) executive body of the joint stock company, that appointed by the board of directors of the joint stock company and is accountable to the board of directors, and as part of his activities controls preparation and conduction of meetings of the shareholders and the board of directors, shapes the agenda of the general meeting of the shareholders and prepares the materials for the meeting of the board of directors, controls their accessibility. Competence and

activity of a corporate secretary shall be defined by the internal documents of a joint stock company;

12-1) corporate events - the events, influencing significantly to the work of a joint stock company, affecting the interests of the shareholders and investors of a joint stock company, specified in article 79 of this Law;

13) cumulative voting - is a voting method in which every share, participating in the voting, has the number of votes, equal to the number of the elected members of the body of a joint stock company;

14) corporate governance code of a joint stock company - a document, approved by the general meeting of the shareholders, which regulates the relations arising during managing the company, including the relationship between the shareholders and the bodies of the company, between the bodies of the company, the company and the interested parties;

15) is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV;

16) an official - a member of the board of directors of a joint stock company, its executive body or a person, solely performing the functions of the executive body of a joint stock company;

17) a minority shareholder - a shareholder that owns less than ten percent of the voting shares of a joint stock company;

18) an offering price - the share price, determined for the placement of the shares in the primary securities market;

19) authorized shares - the shares of a joint stock company, paid by the founders and investors in the primary securities market;

20) an independent director - a member of the board of directors, that is not an affiliated person of a joint stock company and has not been a member of the board of directors for three years prior to his election to the board of directors (except for the case of his being an independent director of the joint stock company), is not an affiliated person in relation to the affiliated persons of the joint stock company; is not subordinated to the officials of the joint stock company or the organizations - the affiliated entities of the joint stock company and was not subordinated to these persons during three years, prior to his election to the board of directors; is not a civil servant; is not a representative of a shareholder at the meetings of the bodies of the joint stock company and was not a representative of a shareholder during three years, prior to his election to the board of directors; is not involved in the audit of the joint stock company as an auditor, working as part of the audit organization and was not involved in such audit within three years prior to his election to the board of directors;

21) a paying agent - a bank or an organization, performing certain types of banking operations;

22) an authorized body - the National Bank of the Republic of Kazakhstan;

23) a major shareholder - the shareholder or several shareholders, acting on the basis of an agreement, concluded between them, that owns (own) ten or more percent of the voting shares of the joint stock company.

*Article 1 is in the wording of the Law of the Republic of Kazakhstan dated 23.10.2008 № 72-IV; as amended by the Laws of the Republic of Kazakhstan dated 28.12.2011 № 524-IV; dated 05.07.2012 № 30-V*

## **Article 2. Legislation of the Republic of Kazakhstan on joint stock companies**

1. The legislation of the Republic of Kazakhstan on joint stock companies is based on the Constitution of the Republic of Kazakhstan and consists of the Civil Code, this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. The provisions of this Law shall be applied taking into account the specifications, provided by the legislative acts of the Republic of Kazakhstan.

2-1. The provisions of this Law shall be applied to the National Welfare Fund and a group of the National Welfare Fund, and other legal entities, controlled by it, unless otherwise provided by the Law of the Republic of Kazakhstan «On National Welfare Fund».

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

*Article 2 as amended by the Law of the Republic of Kazakhstan dated 01.02.2012 № 551-IV*

### **Article 3. Joint stock company**

1. Joint stock company (hereinafter - a company) is a legal entity that issues stocks to raise funds for its activity.

A company shall possess the property, separate from the property of its shareholders, and shall not be responsible for their obligations.

A company shall be liable for its obligations within the limits of its property.

2. A shareholder of a company shall not be liable for its obligations and shall bear the risks of losses, associated with the company's activity, within the cost of his shares, except for the cases, stipulated by the legislative acts of the Republic of Kazakhstan.

3. In the cases, provided by the legislation of the Republic of Kazakhstan, non-profit organizations may be established in the legal form of a joint stock company.

4. A company (other than a non-profit organization, established in the legal form of a joint stock company) shall be entitled to issue bonds and other types of securities.

5. The legislative acts of the Republic of Kazakhstan can set obligatoriness of a legal form of a company for the organizations, engaged in certain types of activities.

6. A company shall have a corporate name, that shall indicate the legal form «joint stock company» and its name. Abbreviation of the name of the company and the use of the abbreviation «JSC» before the name of the company shall be allowed.

**Article 4.** Is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

### **Article 4-1. Public company**

1. Public company is a company that meets the following criteria:

1) a joint stock company shall make a public offering of its ordinary shares in the unorganized and (or) the organized securities markets by offering the shares to the unlimited number of investors;

2) not less than thirty percent of the total number of the placed ordinary shares of the company should belong to the shareholders, each of that owns not more than five percent of the ordinary shares of the total number of the placed ordinary shares of the joint stock company;

3) the volume of trading of the ordinary shares of the joint stock company shall meet the requirements, established by the regulatory legal act of the authorized body;

4) the shares of the company shall be listed in the stock exchange, operating in the territory of the Republic of Kazakhstan, for inclusion and placement in which, the internal documents of the stock exchange had set the special (listing) requirements to the securities and their issuers or they are included in the list of the special trading platform of the regional financial center of Almaty.

1-1. In order to recognize a company as public, the majority shareholding of which directly or indirectly belongs to the national management holding company, the provisions of the paragraphs 1) and 2) of paragraph 1 of this article shall not be applied.

2. The charter of a public company shall provide the presence of:

- 1) a code of corporate governance;
- 2) a position of a corporate secretary;
- 3) a corporate website;
- 4) a prohibition of the «golden share».

2-1. The corporate web site of a public company in the public domain shall contain the following documents:

- 1) the charter of the public company;
- 2) the code of corporate governance;
- 3) the annual financial statements for the last two financial years (except for the newly established public companies), confirmed by audit reports;
- 4) other internal documents, regulating corporate governance issues, including those regulating the activities of the board of directors and its committees, the activities of the corporate secretary, as well as the issues for auditing the public company.

The documents, specified in this paragraph may also be placed by a public company in the web site of financial statements depository, defined in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting.

3. Recognition of the company as public or withdrawal of the status of a public company shall be made by the authorized body in the established order on the basis of the company's application.

In case of withdrawal of the status of a public company, the authorized body shall take a decision to cancel the decision on recognizing the company as public within two months from the date of revealing the fact that is the ground for revocation of the status of a public company, or the company's filing the application to revoke the status of a public company.

4. The company shall lose the status of a public company if:

- 1) it fails to comply with the requirements of the subparagraphs 2) and (or) 3) of paragraph 1 of this article during three consecutive months;
- 2) it fails to comply with the subparagraph 4) of paragraph 1 of this article.

*The Law is supplemented by article 4-1 in accordance with the Law of the Republic of Kazakhstan dated 19.02.2007 № 230; as amended by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV; dated 12.01.2012 № 538-IV (shall be enforced upon expiry of ten calendar days from the date of its first official publication); dated 05.07.2012 № 30-V*

## **Chapter 2. Foundation of a joint stock company**

### **Article 5. Founders of a joint stock company**

1. Founders of a joint stock company are the individual and (or) legal entities that decided to establish it.

2. The state bodies of the Republic of Kazakhstan and state institutions may not be founders or shareholders of the company, except for the Government of the Republic of Kazakhstan, local executive bodies, as well as the authorized body, in accordance with the laws of the Republic of Kazakhstan.

Upon the resolution of the Government of the Republic of Kazakhstan, a founder of joint stock companies shall be the authorized body for the state property management.

Upon the decision of the local executive body, a founder of the joint-stock companies shall be the executive body, funded by local budget, entitled to manage municipal property.

The state enterprise shall be entitled to be a founder of a joint stock company and purchase its shares only with the consent of the state body, that performs the function of an owner and a state management body in relation to the enterprise.

3. One person may be the founder of a company.

4. Founders of the company shall have joint liability for payment of expenditures, associated with foundation of the company and arising prior to its registration. The company shall reimburse these expenses to its founders only in case of subsequent approval of these expenditures by the general meeting of the shareholders.

*Article 5 as amended by the laws of the Republic of Kazakhstan dated 01.03.2011 № 414-IV; dated 05.07.2012 № 30-V*

#### **Article 6. Foundation meeting. A sole founder**

1. A company is established by a decision of the founders' meeting (foundation meeting). In the case of foundation of a company by one founder, the decision on foundation of a company shall be taken by the person solely.

A company can be founded through reorganization of the existing legal entity in the order, defined by this Law and other legislative acts of the Republic of Kazakhstan.

2. At the first foundation meeting the founders shall:

1) take a decision on foundation of a joint stock company and define the order of joint activity to found a joint stock company;

2) conclude a memorandum of association;

3) establish the amount of the advance payment of shares by the founders;

4) establish the number of the authorized shares, including the shares to be paid by the founders;

4-1) establish the conditions and the order for conversion of securities of the company, to be replaced by the company's shares;

4-2) approve the method for determining the shares' price at their repurchase by the company in accordance with this Law;

5) take a decision on the state registration of the authorized shares;

6) is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV;

7) elect the persons, authorized to sign documents for the state registration on behalf of the company;

8) define the persons, who, in accordance with the legislation of the Republic of Kazakhstan, will assess the property, contributed by the founders of the company to the authorized capital;

9) elect the persons, authorized to conduct financial operations of the company and to represent their interests to third parties before the company's bodies establishment;

10) approve the charter of the company.

3. Prior to the placement of the shares, several subsequent meetings of the founders may be held. By this, the decisions, made at the foundation meeting, may be amended only if all the parties of the foundation agreement participate in the foundation meeting.

4. At the first foundation meeting of a joint stock company, each founder has one vote. At the subsequent foundation meeting, each of the founders has one vote, unless otherwise provided by the foundation agreement.

5. The decisions of the foundation meeting (a sole founder) shall be recorded in a protocol, to be signed by all the founders (a sole founder) of a joint stock company.

*Article 6, as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 28.12. 2011 № 524-IV*

#### **Article 7. Foundation agreement. Decision of a sole founder**

1. Foundation agreement (the decision of a sole founder) shall contain:

1) data about the founders (the sole founder) of a joint stock company, including:

the name, citizenship, place of residence and the details of the identification document - for an individual;



the name, location, the data on the state registration - for a legal entity;

2) a record about the establishment of a joint stock company, full and abbreviated name of the company, and the order of its establishment;

3) the amount of the advance payment of shares by the founders, and the time and order of payment;

4) number, type and par value of shares to be distributed among its founders (purchased by a sole founder) after the state registration of the shares;

5) rights and duties of its founders and distribution of expenditures, associated with the company's foundation, as well as other terms and conditions of the founders' activity for the company's foundation;

6) distribution of powers to the persons to be entrusted to represent the company's interests during its foundation and state registration;

7) order for convening and holding of the next meetings of the company's founders, as well as the number of votes of each founder of the company at the next constituent meetings;

8) a record on approval of the charter of the company;

9) other conditions to be included in the foundation agreement (the decision of a sole founder):

upon the founders' decision;

in accordance with the legislative acts of the Republic of Kazakhstan.

2. During the term of the foundation agreement (the decision of a sole founder), its parties (the only founder) shall have the right to amend it if the requirements, established by the paragraph 3 of article 6 of this Law, shall be complied with.

3. The data, contained in the foundation agreement (the decision of a sole founder), is commercially confidential, unless otherwise provided by the agreement (the decision of a sole founder). The foundation agreement (the decision of a sole founder) shall be subject to submission to the state bodies, as well as to third parties only upon the company's decision or in the cases, stipulated by the legislative acts of the Republic of Kazakhstan.

4. Validity of the foundation agreement (the decision of a sole founder) shall be terminated from the date of the state registration of the authorized shares.

*Article 7 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

#### **Article 8. The order of conclusion of a foundation agreement (registration of a decision of a sole founder)**

1. A foundation agreement shall be in a written form and signed by each founder or his representative.

The decision of a sole founder shall be in a written form and signed by the founder or his representative.

The foundation agreement (the decision of a sole founder) shall be notarized.

2. Representatives of the founders (the sole founder) shall have the corresponding powers, registered in accordance with the legislation of the Republic of Kazakhstan and giving the right to found a joint stock company, including the right to participate in a meeting of the founders and signing of the foundation agreement.

#### **Article 9. Charter of a joint stock company**

1. The joint stock company's charter is a document, defining the legal status of the company as a legal entity. The company's charter shall be signed by the founders (a sole founder) or their representatives (representative), except for the amendments to the charter (including those, defined in the new version of the charter), registered in the order, specified by the legislation of the Republic of Kazakhstan, which shall be signed by a person, authorized by the general

meeting of shareholders. The company's charter and all the amendments thereto shall be notarized.

2. The company's charter shall contain the following provisions:

1) a full and abbreviated name of the company;

2) a location of the executive body of the company;

3) data on the rights of the shareholders, including the scope of the rights, certified by the preferred shares of the company;

3-1) issues, in respect of which the veto right is established to the owner of the «golden share» (if available), as well as the first name, middle name, patronymic (if any) of the owner of the «golden share»;

4) (is excluded - № 72 dated 08.07.2005)

5) the order of foundation and competence of the bodies of a joint stock company;

6) the order for organizing the activities of the company's bodies, including:

the order of convocation, preparation and holding of the general meeting of the shareholders and meetings of the collective bodies of a company;

the order of decision making by the bodies of a company, including a list of issues, the decisions on which shall be taken by the qualified majority vote;

7) the order of providing information to the company's shareholders about its activities with indication of the name of the media, used to publish the information about the company;

7-1) the order of providing the information by the shareholders and officers of a company about their affiliates;

8) if the company is a non-profit organization: the data confirming that the company is a non-profit organization, the provisions on the voting procedure, non-payment of dividends and other requirements, established by this Law and other legislative acts of the Republic of Kazakhstan;

9) the conditions for termination of activity of a joint stock company;

10) other provisions in accordance with this Law and other legislative acts of the Republic of Kazakhstan.

3. All interested parties may have access to the company's charter. At the request of the interested person, the company shall provide him (her) with the opportunity to study the company's charter, including subsequent amendments and supplements thereto. Within three working days, the company is obliged to fulfill the demand of a shareholder to provide him (her) with the copies of the company's charter. The company may charge a fee to shareholder for providing the copies of the charter, which shall not exceed the costs of making a copy, and take the cost of its delivery if it is necessary to deliver the copies.

4. A company may conduct its activities on the basis of the model charter of the company, approved by the Government of the Republic of Kazakhstan.

5. Media, which can be used to publish information about the company, and requirements to them, shall be established by the regulatory legal act of the authorized body.

*Article 9, as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 25.03.2011 № 421-IV; dated 28.12.2011 № 524-IV*

### **Chapter 3. The authorized capital of joint stock company**

#### **Article 10. The minimum authorized capital of joint stock company**

The minimum authorized capital of the company is 50 000-fold monthly calculation index, established by the law of the Republic of Kazakhstan on the national budget for the relevant financial year.

The requirements for minimum authorized capital of the company, established by the first part of this article, shall not be applied to the companies, performing as an investment privatization fund.

**Article 11. The authorized capital of the company**

1. The authorized capital of the company shall be formed by the founders, paying for the shares (the sole founder) at their nominal value and by the investors, paying the placement prices for the shares, defined in accordance with the requirements, established by this Law, and is in the national currency of the Republic of Kazakhstan.

The authorized capital of the company, established as a result of reorganization, shall be formed in accordance with the requirements, established by this Law.

2. The amount of the advance payment of the shares, made by the founders, shall not be less than the minimum authorized capital of the company and fully paid by the founders within thirty days from the date of the state registration of the company as a legal entity.

3. The authorized capital of the company shall be increased due to the placement of the authorized shares of the company.

*Article 11 is in the wording of the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

#### **Chapter 4. Shares and other securities of a joint stock company**

##### **Article 12. General provisions on securities of a joint stock company**

1. A company shall be entitled to issue ordinary shares or ordinary and preferred shares. The shares shall be issued in book-entry form.

2. Non-profit organizations, established in the legal form of a joint stock company, shall not be entitled to issue preference shares.

3. A share is not divisible. If a share belongs to several persons under the common ownership, all of them shall be recognized as one shareholder and shall enjoy the rights, certified by the share, through their common representative.

4. The share of one type shall give the same rights with the other owners of the shares of this type to each shareholder that owns it, unless otherwise provided by this Law.

5. Legislative acts of the Republic of Kazakhstan may set restrictions to:

- 1) the transactions with the shares of the company;
- 2) the maximum number of the shares of the company, owned by one shareholder;
- 3) the maximum number of votes in the company's shares, granted to one shareholder.

6. The company may issue other securities, the conditions and order for issuance, placement, circulation and redemption of which shall be established by the legislation of the Republic of Kazakhstan on the securities market.

##### **Article 13. Types of shares**

1. An ordinary share shall give the shareholder the right to participate in the general meeting of the shareholders with the right to vote in all issues, submitted to a vote, the right to receive dividends if the company has net income, as well as a part of the company's property in case of its liquidation in the order, established by the legislation of the Republic of Kazakhstan.

2. Shareholders - the owners of the preferred shares shall have a priority right to the shareholders - the owners of ordinary shares to receive dividends at a predetermined rate, guaranteed by the company's charter, and a part of the property in case of liquidation of the company in the order, prescribed by this Law.

During the placement, the number of the preference shares shall not exceed twenty-five percent of the total number of the allotted shares.



3. A preference share shall not give the shareholder the right to manage the company, except for the cases, specified in the paragraph 4 of this article.

4. A preference share shall give the shareholder the right to manage the company if:

1) a general meeting of the company's shareholders shall consider the issue, the decision on which may limit the rights of a shareholder, owning the preferred shares. The decision on such issue shall be taken only under the condition that not less than two-thirds of the total number of the allotted (excluding the purchased) preferred shares voted for the restriction.

Among the issues, the decision on which may limit the rights of a shareholder, owning the preferred shares, are the questions on (about):

reduction of the amount or changing of the order of calculation of the amount of dividends, paid on the preferred shares;

changing of the order of payment of dividends on the preferred shares;

exchange of the preferred shares for the ordinary shares of the company;

1-1) a general meeting of the shareholders shall consider approval of amendments to the calculation (approval of the calculation, if it was not approved by a foundation meeting) of the value of the preferred shares at their redemption by the company in the unorganized market in accordance with this Law;

2) a general meeting of the company's shareholders shall consider the issue on reorganization or liquidation of the company;

3) dividends on the preferred shares are not paid in full within three months from the expiry of the deadline, set for its payment.

4-1. In the case, provided in the subparagraph 3) of paragraph 4 of this article, the right of a shareholder - owner of the preferred shares to participate in the management of the company shall be terminated on the date of payment of the full amount of the dividend on the preferred shares, owned by him.

5. The foundation meeting (the decision of a sole founder) or general meeting of the shareholders may introduce one «golden share» that is not involved in formation of the authorized capital and receipt of dividends. The owner of the «golden share» has the veto right to the decisions of a general meeting of the shareholders, the board of directors and the executive body on the issues, defined by the company's charter. The veto right, certified by the «golden share» shall not be delegated.

*Article 13, as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 13.02.2009 № 135; dated 28.12.2011 № 524 -IV.*

#### **Article 14. The rights of shareholders of a joint stock company**

1. A shareholder shall have the right:

1) to participate in the management of the company in the order, prescribed by this Law and (or) the charter of a joint stock company;

2) to receive dividends;

3) to obtain information about the company's activity, including about the financial statements of a company in the order, defined by a general meeting of the shareholders or the company's charter;

4) to obtain notes from the registrar of the company or a nominee holder, confirming his (her) ownership of the securities;

5) to propose candidates for election to the board of directors of the company to the general meeting of the shareholders;

6) to challenge the decisions adopted by the company's bodies in court;

7) when possessing independently or together with other shareholders five or more percent of the voting shares of the company to apply to the courts on their own name in the cases,

provided in articles 63 and 74 of this Law, demanding from the officials to cover the losses, incurred to the company, and return the profits (incomes) to the company by the officials and (or) their affiliates, received by them after taking the decisions (proposals to the conclusion) on large-scale transactions and (or) the interested party transactions;

8) to apply to the company with the written inquiries about its activities and to get the motivated responses within thirty calendar days from the date when a company receives the inquiry;

9) to receive a part of the property in case of the company's liquidation;

10) pre-emption right of the shares or other securities of a company, convertible into its shares, in the order, prescribed by this Law, except for the cases, stipulated by the legislative acts of the Republic of Kazakhstan.

2. A major shareholder shall also have the right:

1) to require convocation of an extraordinary general meeting of the shareholders or to apply to the court for its convocation in case if the board of directors rejects to convene the general meeting of the shareholders;

2) to offer to the board of directors to include additional items to the agenda of a general meeting of the shareholders in accordance with this Law;

3) to require convocation of a meeting of the board of directors;

4) to require conducting of an audit by an auditing organization at the expense of the joint stock company.

3. Restrictions of the shareholders' rights, established in the paragraphs 1 and 2 of this article, shall not be allowed.

In addition to the shareholders' rights, provided in the paragraph 1 of this article, the company's charter may provide additional rights to the shareholders.

*Article 14 as amended by the Laws of the Republic of Kazakhstan dated 19.02.2007 № 230; dated 7 August, 2007 № 321; dated 10.02.2011 № 406-IV; dated 28.12.2011 № 524-IV*

#### **Article 15. Liabilities of shareholders of a joint stock company**

1. A shareholder of a company shall:

1) pay for the shares;

2) notify the registrar of the company and the nominal holder of the shares, owned by the shareholder, about the changes in the information, necessary to keep the register system of the company's shareholders within ten days;

3) not disclose the information about the company or its activities, containing the official, commercial or other secret, protected by the law;

4) perform other liabilities in accordance with this Law and other legislative acts of the Republic of Kazakhstan.

2. The company and the company's registrar shall not be responsible for consequences of the shareholder's failure to fulfill the requirement, set in the subparagraph 2) of paragraph 1 of this article.

*Article 15 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230*

#### **Article 16. The pre-emption right of securities of a joint stock company**

1. The company, planning to allocate the authorized shares or other securities, convertible into the ordinary shares of the company, as well as to sell the previously purchased securities, within ten calendar days from the date of the decision, in a written notice or through publication in the media, shall offer its shareholders to purchase the securities on an equal basis proportionally to the number of their shares at the offering price (sale), established by the

company's body, that took a decision to allocate (sell) the securities. Within thirty calendar days from the date of notification of allocating (selling) the company's shares, a shareholder is eligible to file an application for purchasing of the shares or other securities, convertible into the shares of the company in accordance with the pre-emption right.

By this, a shareholder, owning the ordinary shares of the company, shall have the pre-emption right for the ordinary shares or other securities, convertible into the ordinary shares of the company and a shareholder, owning the preferred shares of the company, have the pre-emption right for the preferred shares of the company.

Payment for the shares or other securities, convertible into the ordinary shares of the company, purchased under the pre-emption right, shall be made by a shareholder within thirty calendar days from the date of filing a purchase application. The company's charter may provide for another timeframes for payment of the shares, which shall not exceed ninety calendar days from the date of the shares' placement.

2. A financial institution, planning to place the authorized shares, as well as to sell the previously purchased shares in order to fulfill the prudential and other norms and limits, specified by the legislation of the Republic of Kazakhstan, at the request of the authorized body, within five working days from the date of the decision on placing the shares, by a written notice or through publication in the media, shall offer its shareholders to buy securities on an equal basis proportionally to the number of their shares at the offering price (selling), established by the company's body that made a decision on placement (sale) of securities. Within five working days from the date of notification on placement (selling) the company's shares, a shareholder is eligible to apply for the purchase of the shares or other securities, convertible into the company's shares, in accordance with the pre-emption right.

Payment for the shares by a financial institution, purchased under the pre-emption right, shall be made by a shareholder within five working days from the date of filing a purchase application. In case of non-payment of the shares or other securities, convertible into the ordinary shares of the company, after a specified deadline, the application shall be deemed as invalid.

3. Requirements on terms of payment for the shares or other securities, convertible into the ordinary shares of the company, purchased under the pre-emption right, established in the paragraphs 1 and 2 of this article, shall not be applied to the cases of purchase of shares by a state body, authorized by the Government of the Republic of Kazakhstan for disposal of the republican state property.

Payment for the shares or other securities, convertible into the ordinary shares of the company, purchased under the pre-emption right by the state body, authorized by the Government of the Republic of Kazakhstan for disposal of the republican state property, shall be made within twelve months from the date of filing a purchase application.

4. In case of non-payment of the shares or other securities, convertible into the ordinary shares of the company, after the deadline, established by the paragraphs 1, 2 and 3 of this article, the application shall be deemed as invalid.

5. The order of exercising the pre-emption right of the shareholders for the securities shall be established by the authorized body.

6. The pre-emption right shall not be provided to the company's shareholders when placing (selling) the company's shares and if any other company accedes it in the order, provided by article 83 of this Law.

*Article 16 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV*

**Article 17.** Is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

### **Article 18. Placement of shares of a joint stock company**

1. A joint stock company may allot its shares after the state registration of their issuance through one or more placements within the limits of the authorized shares.

The decision to place the company's shares within the number of its authorized shares is taken by the board of directors of the company, except for the cases when the charter of the company refers the matter to the competence of the general meeting of the shareholders.

The shares are placed under the pre-emptive rights of the shareholders for the shares or other securities, convertible into the ordinary shares of the company, subscription or a bid, conducted at the organized securities market or subscription or a bid, conducted at the organized securities market, as well as through the conversion of securities and (or) financial liabilities of the company into the shares of the company in the cases, provided in this Law and other legislative acts of the Republic of Kazakhstan.

2. Upon alienation of a share by a shareholder or another security, convertible into the ordinary shares of the company, within thirty calendar days, given to him to apply for the purchase of the share or other security, convertible into the ordinary shares of the company, in accordance with the pre-emption right, the right moves to the new owner of the share or another security, convertible into the ordinary shares of the company, if the previous owner did not file such an application.

3. The offering price of shares, established for this placement by the company's body that has made a decision on placement of the shares, is the lowest price at which the shares may be sold.

Shareholders shall purchase shares in accordance with the pre-emption right at the lowest offering price of the shares, established by the company's body that has made a decision about the allocation.

The company's shares shall be sold at a single price for all persons, purchasing the shares under subscription within this allocation.

4. In case if the authorized body of the company decides to change the conditions of the earlier taken decision to place the authorized shares through increasing the number of the placed shares, and (or) reduction of the price at which they were offered to the shareholders within the pre-emptive rights, the company provides the shareholders with the pre-emptive rights for the shares once more.

*Article 18 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV*

### **Article 19. The company's registry system of the shareholders**

1. A registrar only shall be entitled to keep the registry system of joint stock company's shareholders.

2. The procedure for keeping the shareholders' registry system of the company, as well as the order for providing the information on it to the authorized body is defined by the legislation of the Republic of Kazakhstan on the securities market.

3. The company is obliged to conclude a contract with the registrar of the company on keeping the registry system of the shareholders of the company prior to submission of the documents to the authorized body for the state registration of the shares' issuance.

4. Until full payment of the offered shares, the company shall not have the right to give an order on admission of the shares to the account of its acquirer in the registry system of the shareholders of the company (a record keeping system of nominal holder).

Article 19 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 28.12.2011 № 524-IV (shall be enforced from 01.01.2013).

Article 20. Report on placement of the shares

1. A joint stock company shall submit the following documents to the authorized body:  
reports on the results of placement of its shares in the end of every six months (within a month after the end of the reporting half-year) up to full completion of placing the shares of the company or after their full allocation;

changes and additions to the reports on placement of its shares in the case of exchange of the placed shares of the company of one type to the share of another type within one month after the completion of the share exchange procedure.

2. The content and order of submitting the report on the results of placement of the shares and amendments to it, as well as the procedure for consideration and approval of this report shall be established by the authorized body.

*Article 20 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV*

### **Article 21. Payment for the allotted shares of joint stock company**

1. Payment for the allotted shares of the company may include money, property rights (including the rights to intellectual property) and other property, except for the cases, provided in this Law and other legislative acts of the Republic of Kazakhstan.

Payment otherwise, in addition to the money, property (other than securities) shall be made at the price, defined by the appraiser, acting on the basis of a license, issued in accordance with the legislation of the Republic of Kazakhstan.

Assessment of the value of securities, traded at the stock exchange and transferred as payment for the shares of the company, shall be made in accordance with the methodology of assessing the financial instruments of the stock exchange. If it is impossible to evaluate such securities under the specified procedure or in case of absence of a methodology for this type of securities, the shares shall be assessed by the appraiser, having a license, issued in accordance with the legislation of the Republic of Kazakhstan.

2. If the shares are paid by the right to use property, the assessment of such right shall be made on the basis of the fees for the use of such property for the entire period of its use by the company. Prior to the expiration of the established term, the withdrawal of such property without the consent of the general meeting of the shareholders of the company is prohibited.

3. When placing the shares the company is prohibited:

1) to purchase the placed shares;

2) to conclude contracts (purchase derivative securities), the terms of which (the terms of the issuance of which) provide for the right or obligation of the issuer to repurchase the placed shares of the issuer.

*Article 21 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV*

### **Article 22. Dividends on shares of a joint stock company**

1. Dividends on shares of a joint stock company shall be paid in cash or securities of the company, provided that the decision to pay the dividends was taken at the general meeting of the shareholders by a simple majority of the voting shares of the company, except for the dividends on the preferred shares.

Stock dividend on the preferred securities of the company shall not be permitted.

Payment of dividends on the company's shares by its securities shall be allowed only if such payment is made by the company's authorized shares and the bonds issued by it, if a written consent of the shareholder is provided.

The list of shareholders, entitled to receive dividends, shall be made on the date, preceding the date of beginning the payment of dividends.



Alienation of shares with any unpaid dividends shall be made with the right to receive the dividends by the new shareholder, unless otherwise provided by the contract for the alienation of the shares.

2. Frequency of payment of dividends on the company's shares shall be determined by the company's charter and (or) the prospectus of share issue.

3. Payment of dividends on the company's shares may be performed through a paying agent. The paying agent's services shall be covered by a joint stock company.

4. Dividends shall not be accrued or paid on the shares that have not been placed or have been repurchased by the company itself, or if the court or the general meeting of the shareholders decided to liquidate it.

5. Accrual of dividends on the ordinary and preferred shares of the company shall not be allowed:

1) if the equity capital is negative, or if the equity capital of the company shall become negative due to accrual of dividends on its shares;

2) if the company meets the criteria of insolvency or bankruptcy in accordance with the legislation of the Republic of Kazakhstan on bankruptcy or these criteria appear in the company after accrual of the dividends on its shares;

3) (is excluded - № 72 dated 08.07.2005).

6. A shareholder shall be entitled to demand the unclaimed dividends regardless of the terms of the company's indebtedness.

In case of non-payment of the dividends within the timeframes, prescribed for the payment thereof, the shareholder shall receive the principal amount of dividends and penalties, calculated on the basis of the official refinancing rate of the authorized body on the day of executing the money liabilities or its part thereof.

7. Non-profit organizations established in the legal form of a joint stock company, shall not accrue or pay dividends on its shares.

*Article 22 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 05.07. 2012 № 30-V*

### **Article 23. Dividends on ordinary shares**

1. Payment of dividends on ordinary shares of a company for a quarter or half-year period shall be made only after the audit of the financial statements of a company for the corresponding period and upon the decision of the general meeting of the shareholders in case if such payment is provided by the company's charter. The decision of the general meeting to pay dividends on the ordinary shares for a quarter or half-year period shall indicate the amount of dividend per ordinary share.

The decision to pay the dividends on ordinary shares of a company for the year shall be taken by the annual general meeting of the shareholders.

The general meeting of the shareholders of a company may take a decision not to pay dividends on the ordinary shares of a company with the mandatory announcement about it in the media, within ten working days from the date of the decision making.

2. Within ten working days from the date of the decision to pay the dividends on ordinary shares of a company, the decision shall be published in the media. In this case, public companies shall publish the decision on their corporate website.

3. The decision to pay dividends on the ordinary shares of a company shall contain the following information:

1) the name, address, bank details and other details of a company;

2) the period for which the dividend shall be paid;

3) the amount of the dividend per ordinary share;

- 4) the date of beginning the payment of dividends;
- 5) the procedure and form of dividend payments.

Article 23 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 05.07. 2012 № 30-V

Article 24. Dividends on the preference shares

1. Payment of dividends on the preferred shares of a company shall not require a decision of the company's body.

Frequency of payment of the dividends and the amount of the dividend per preferred share shall be established by the company's charter. The amount of dividends, accrued on the preferred shares shall not be less than the amount of dividends, accrued on the ordinary shares for the same period.

Until full payment of dividends on the preferred shares of the company, the payment of the dividends on its ordinary shares shall not be performed.

2. The guaranteed amount of the dividend on the preference shares can be established in a fixed form, and with the indexing on any indicator under the condition of regularity and accessibility of its indicators.

3. Within five working days before the due date of payment of dividends on the preferred shares, a company shall publish in the media the information on payment of the dividends, specifying the information, listed in subparagraphs 1), 2), 4) and 5) of paragraph 3 of article 23 of this Law, as well as the amount of the dividend per preferred share of a company.

*Article 24 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 28.12.2011 № 524-IV*

#### **Article 25. Transactions with the shares of a joint stock company**

1. A person, alone or together with its affiliates, at the secondary securities market, that is planning to purchase thirty or more percent of the voting shares of a company or any other number of voting shares, in the result of which the person alone or together with its affiliates will own thirty or more percent of the voting shares of a company, shall send a corresponding notice to the company and to the authorized body in the established order. The notice shall contain information about the number of the shares to be purchased the proposed purchase price and other information, specified by the regulatory legislative acts of the authorized body.

2. The company shall not be entitled to prevent the sale of the company's shares by the shareholders. The company shall have the right to make an offer to any person, that wants to sell the shares of the company, about their purchase by the company itself or by the third parties at the price, exceeding the price offered. The offer to purchase shall contain the information on the number of shares, the price and details of the buyers in the case of purchasing the shares by the third parties.

3. A person who, alone or together with its affiliates, at the secondary securities market, purchased thirty or more percent of the voting shares of the company or any other number of voting shares, in the result of which the person alone or together with its affiliates owns thirty or more percent of the voting shares of the company, within thirty days from the date of purchase, shall publish in the media the offer to other shareholders to sell their shares of the company. By this, the offer to the shareholders of a public company shall be published on the corporate website. A shareholder shall be entitled to accept the offer to sell his shares within not more than thirty days from the date of publishing the offer to sell them.

The offer to the shareholders to sell their shares shall contain the information about the person and its affiliates, that purchased thirty or more percent of the voting shares of the company, including the names (names), places of residence (locations), the number of the owned

shares, and the proposed purchase price of the shares, established in accordance with paragraph 2 of article 69 of this Law.

In case of receipt of the written consent of the shareholder to sell his shares, the person, that published the offer to purchase, shall pay for the shares within thirty days.

Failure to comply with the order of purchasing the shares, specified in this paragraph, the person (persons), owing thirty and more percent of the voting shares of the company, shall alienate a part of the shares, belonging to him to the persons, not affiliated with him (them), exceeding twenty-nine percent of the voting shares of the company.

4. A shareholder of the company, that filed a statement in response to the offer to sell his shares, shall have the right to challenge in a judicial procedure the refusal of the person that published the proposal, to purchase the shares.

*Article 25 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 28.12.2011 № 524-IV*

#### **Article 26. Repurchase of the allotted shares, initiated by a joint stock company**

1. Repurchase of the allotted shares may be made with the consent of the shareholder at the initiative of a company for their subsequent sale or for other purposes, not contrary to the legislation of the Republic of Kazakhstan and the company's charter.

Repurchase of the shares at the initiative of the company shall be made in accordance with the shares valuation method at their redemption by a company, approved in the order, prescribed by this Law, except for the case of redemption of the shares by a company at the stock exchange through the open bid method.

2. Repurchase of the allotted shares at the initiative of the company shall be made upon the decision of the board of directors, unless otherwise provided by this Law, and (or) the company's charter.

3. The company may not repurchase the allotted shares:

- 1) before the first general meeting of the shareholders;
- 2) before adoption of the first report on allotment of the shares among the founders;
- 3) if, after the repurchase of the shares, the equity capital of the company will be smaller than the minimum equity capital, established by this Law;
- 4) if, at the time of repurchase of the shares, the company meets the criteria for insolvency or bankruptcy in accordance with the legislation of the Republic of Kazakhstan on bankruptcy or these criteria appear after the repurchase of all shares, required or expected to repurchase;
- 5) if the court or the general meeting of the shareholders takes a decision to liquidate a company.

4. If the number of the shares, repurchased at the initiative of a company, exceeds one percent of the total number, before the conclusion of the transaction (s) for purchase and sale of the shares, a company shall be obliged to inform its shareholders about such repurchase.

The company's announcement about repurchase of its allotted shares shall contain the information about the types, the number of the repurchased shares, price, the terms and conditions of their repurchase and it shall be published in the media.

5. If the number of the allotted shares of a company, declared for repurchase, exceeds the number of the shares that a company declared for the repurchase, these shares shall be redeemed from the shareholders in proportion to the shares, owned by them.

*Article 26 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 28.12. 2011 № 524-IV*

#### **Article 27. Repurchase of the shares allotted by a joint stock company at the request of a shareholder**

1. Repurchase of the shares shall be made by a company at the request of a shareholder of the company that may be submitted by him in the following cases:

1) the general meeting of the shareholders takes a decision on the company's reorganization (if the shareholder participated in the general meeting of the shareholders, where the reorganization of the company was considered, and voted against it);

1-1) the general meeting of the shareholders takes a decision to delist the company's shares (if the shareholder did not participate in the general meeting of the shareholders or if he participated in the meeting and voted against the decision);

1-2) the decision to delist the company's shares shall be taken by the bidding process organizer;

2) disagreement with the decision on conclusion of a major transaction, and (or) the decision to make the interested party transaction, taken in the order, prescribed by this Law, and (or) the company's charter;

3) the general meeting of the shareholders takes a decision to amend the company's charter, limiting the rights on the shares, owned by the shareholder (if the shareholder did not participate in the general meeting of the shareholders at which the decision was made, or if he participated in the meeting and voted against the decision).

1-1. Repurchase of the allotted shares at the request of the shareholder shall be made in accordance with the shares value assessment procedure at their repurchase by the company at the unorganized securities market, approved in the order, established by this Law.

2. A shareholder shall have the right within thirty days from the date of the decision taken, specified in paragraph 1 of this article or from the date of the decision to delist the company's shares, taken by the bidding process organizer, to submit a request to repurchase the shares, belonging to him, by sending a written request to the company.

Within thirty days of receipt of the request, the company shall be obliged to repurchase the shares from the shareholder.

3. In case if the number of the allotted shares of the company, declared by the shareholders for repurchase, exceeds the number of the shares that may be repurchased by the company, these shares shall be redeemed from the shareholders in proportion to their shares.

*Article 27 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 23.10. 72 № 2008-IV; dated 28.12.2011 № 524-IV*

### **Article 28. Restrictions on repurchase of the allotted shares by a joint stock company**

1. The number of the allotted shares, repurchased by the company, shall not exceed twenty-five percent of the total number of the allotted shares, and the cost to purchase the allotted shares of the company shall not exceed ten per cent of its own capital:

1) upon repurchase of the allotted shares at the request of a shareholder - as of the date when:

the general meeting of the shareholders takes the decisions, specified in subparagraphs 1), 1-1) and 3) of paragraph 1 of article 27 of this Law;

the bidding process organizer adopts a decision on delisting of the company's shares;

a decision shall be taken on conclusion of a large transaction, and (or) the interested party transaction;

2) upon repurchase of the allotted shares at the initiative of the company - as of the date of the decision making to repurchase the allotted shares.

2. The shares, repurchased by the company, shall not be taken into account in the quorum of the general meeting of the shareholders and shall not vote in it.

*Article 28 as amended by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV*

**Article 29.** Article 29 is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

**Article 30. Conversion of securities and other monetary liabilities of an issuer into the ordinary shares of a joint stock company**

1. The company may issue convertible securities only if such issuance is provided by its charter.

Non-profit organizations, established in the legal form of a joint stock company, shall not be entitled to issue convertible securities.

2. The issue of securities of the company, convertible into the shares, shall be permitted within the difference between the authorized and the allotted shares of the company.

3. The terms, conditions and procedure for conversion of the company's securities shall be specified in the prospectus for issuance of the convertible securities.

4. Conversion of securities and other money liabilities to the creditors of the company into its ordinary shares shall be made on the basis of one of the following documents:

1) the prospectus of securities issue, convertible into the ordinary shares of the company;

2) the bank's restructuring plan, adopted in the order, provided by the legislation of the Republic of Kazakhstan on banks and banking activities;

3) a rehabilitation plan, if the company is insolvent, adopted in the order, provided by the legislation of the Republic of Kazakhstan on bankruptcy.

5. When converting the securities into the ordinary shares of the company, based on the prospectus of the securities issue, the pre-emption right goes to the shareholders of the company, if earlier, when allotting the securities, convertible into the ordinary shares of the company, the shareholders were given the pre-emption right for the securities.

6. In the case of converting the securities into the shares of the company within the restructuring of the assets and liabilities of the bank, or within the rehabilitation of the company, if the company is insolvent, the pre-emption right shall not be provided to the shareholders of the bank (the company) when placing their shares by conversion of the securities and (or) monetary liabilities of the company into its shares.

7. The company shall be entitled to convert the securities into the ordinary shares of the company, if the persons, purchasing the ordinary shares after this conversion, observe the requirements, established by the legislative acts of the Republic of Kazakhstan in respect of the shareholders (those who plan to purchase the shares) of the company, performing the relevant activities.

It is prohibited to convert the securities into the ordinary shares of the company in the cases, stipulated by the legislative act of the authorized body.

*Article 30 as amended by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV*

**Article 30-1. Exchange of the allotted shares of one type for the shares of a different type**

1. The company shall be entitled to exchange the allotted shares of one type for another type of the company's shares only if such an exchange is provided by its charter and the prospectus of the shares issue.

2. The terms, conditions and procedure for the exchange of the allotted shares of one type for another type of the company's shares shall be established by the regulatory legislative act of the authorized body and the prospectus of the shares issuance.

Chapter 4 is supplemented by article 30-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV

Article 31. Pledging of securities of a joint stock company



1. The right to pledge securities of a company may not be limited or excluded by the provisions of the company's charter.

A shareholder shall have the right to vote and to receive dividends on the pledged share, unless otherwise provided by the terms of the pledge.

2. The company may take in pledge the securities, allotted by it only if:

1) the pledged securities are fully paid;

2) the total number of the shares, pledged to the company and those in pledge in it, is not more than twenty-five percent of the allotted shares of a company, excluding the shares, repurchased by the company;

3) a pledge agreement is approved by the board of directors, unless otherwise provided by the company's charter.

3. The right to vote on the shares, allotted by the company and pledged in it, shall belong to the shareholder, unless otherwise provided by the terms of the pledge. The company shall not be entitled to vote on its shares, pledged in it.

4. The procedure for registration of the pledge of securities shall be defined in accordance with the legislation of the Republic of Kazakhstan on the securities market.

*Article 31 as amended by the Law of the Republic of Kazakhstan dated July 8, 2005 № 72*

### **Article 32. Repayment of debt of a joint stock company with the state shareholding in the equity capital at the expense of the authorized shares of a company**

1. If the tax liability of the company with the state shareholding in the equity capital is overdue by more than three months (hereinafter - the debt arrears), the state body of the Republic of Kazakhstan, providing tax control over the fulfillment of tax obligations to the state, (hereinafter - the state body), shall have the right to perform the following actions in order to clear the company's debt arrears:

1) to take a decision on restriction of disposal of the authorized shares of the company in accordance with the tax legislation of the Republic of Kazakhstan;

2) in the absence of the authorized shares of the company or their shortage to clear the debt arrears of the company, to apply to the court to clear the debt arrears of the company through forcing the issuance of the authorized shares and their subsequent allotment.

2. Allotment of the authorized shares, restricted for disposal and the authorized shares of the forced issuance shall be made in the order, established by the tax legislation of the Republic of Kazakhstan to sell the property, restricted for disposal.

If the company is engaged in the industries that are of strategic importance for the national economy, upon the decision of the Government of the Republic of Kazakhstan, the state body shall be entitled to allot the authorized shares, restricted for disposal and the authorized shares of the forced issuance through their forced withdrawal for the state property in order to clear the company's debt arrears.

3. Withdrawal for the state ownership of the authorized shares, restricted for disposal and the authorized shares of the forced issuance shall be performed through the registration of the state property to them in the shareholders register system of the company. The right of the state ownership shall be registered for the state body, authorized by the Government of the Republic of Kazakhstan for disposal of the republican state property.

4. The state registration of the forced issuance of the authorized shares under the court's decision shall be performed in the order and under the conditions, provided by the legislation of the Republic of Kazakhstan.

5. It is prohibited to use the funds, received from the allotment of the authorized shares, restricted for disposal, and the authorized shares of the forced issuance for other purposes, except for the clearance of the company's debt arrears.

If the funds, received from allotment of the authorized shares, restricted for disposal and the authorized shares of forced issuance, exceed the amount of the debt arrears, the difference shall send to the income of the company.

6. The offering price and the number of the shares, required to clear the debt arrears of the company shall be defined by the state body in consultation with the company. At the initiative of the state body, the offering price of the shares may also be defined by an appraiser in accordance with the legislation of the Republic of Kazakhstan.

In case of defining the offering price of the shares by the appraiser, the costs, associated with the assessment, shall be covered by the company.

7. The debt arrears of the company shall be cleared in accordance with the tax legislation of the Republic of Kazakhstan if the debt arrears are covered by the money, coming from allotment of the authorized shares, restricted for disposal and the authorized shares of the forced issuance, or from the date of the state registration of ownership right to the authorized shares, restricted for disposal and the authorized shares of the forced issuance in the shareholders register system of the company.

*Article 32 as amended by the Laws of the Republic of Kazakhstan dated 29.11.2003 № 500; dated 13.12.2004 № 11; dated 08.07.2005 № 72*

## **Chapter 5. Management of a joint stock company**

### **Article 33. Management bodies of a joint stock company**

1. Bodies of the company are:

1) the supreme body - the general meeting of the shareholders (in the company, all the voting shares of which are owned by a single shareholder, the shareholder);

2) the management body - the board of directors;

3) the executive body - a collegial body or a person, performing solely the functions of the executive body, the name of which is defined by the company's charter;

4) other bodies in accordance with this Law, other regulatory legal acts of the Republic of Kazakhstan and (or) the company's charter.

2. (is excluded - № 72 dated 08.07.2005).

3. An individual that previously was a civil servant and due to his official functions had powers to control and supervise the company's activities on behalf of the state, may not be elected to the bodies of the company for one year from the date of termination of such powers, except for the company's bodies, not less than ten percent of the voting shares of which are owned by the state or the national management holding.

4. (is excluded - dated 19.02.2007 № 230).

*Article 33 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 13.02.2009 № 135; dated 28.12.2011 № 524-IV*

### **Article 34. Specific aspects of managing a joint stock company with the state shareholding in the equity capital**

Special aspects of managing a joint stock company with the state shareholding in the equity capital shall be defined by the Law of the Republic of Kazakhstan «On the state property».

*Article 34 is in the wording of the Law of the Republic of Kazakhstan dated 01.03.2011 № 414-IV*

#### **Article 34-1. Specific aspects of procurement of goods, works and services**

1. Procurement of goods, works and services, including placement of the guaranteed order, by the national managing holding company, with the exception of the National Welfare Fund,

national holdings, national companies and organizations, fifty and more percent of the voting shares of which (partnership share in the equity capital) directly or indirectly belong to the national management holding company, with the exception of the National Welfare Fund, a national holding company, a national company, shall be performed on the basis of the standard rules of procurement of goods, works and services, approved by the Government of the Republic of Kazakhstan.

2. When conducting procurement of goods, works and services, the persons, specified in paragraph 1 of this article shall perform the following actions, unless otherwise stipulated by the legislative acts of the Republic of Kazakhstan:

- 1) include in the tender documents, submitted by the bidders, the requirements for conditional price lowering of the bidders - Kazakhstan producers of goods, works and services;
- 2) apply the conditional price lowering when considering the applications of Kazakhstani producers of goods, works and services and the choice of a successful bidder;
- 3) at equality of price offers of the bidders to give preferences to Kazakhstani producers of goods, works and services.

3. The persons, specified in paragraph 1 of this article, shall be obliged to provide information on local content in procurement of goods, works and services to the authorized body for the state support of industrial innovation activity in the form and within the timeframes, prescribed by it.

Local content shall be defined under a single method for calculation of the local content in procurement of goods, works and services, approved by the Government of the Republic of Kazakhstan.

*The Law is supplemented by article 34-1, in accordance with the Law of the Republic of Kazakhstan dated 29.12.2009 № 233-IV; as amended by the Laws of the Republic of Kazakhstan dated 09.01.2012 № 535-IV; dated 28.12.2011 № 524-IV; dated 01.02.2012 № 551-IV*

### **Article 35. General meeting of the shareholders**

1. General meetings of the shareholders are divided into annual and extraordinary ones.

The company shall hold an annual general meeting of the shareholders. Other general meetings of the shareholders shall be extraordinary.

The first general meeting of the shareholders shall be convened and held within two months after the state registration of the shares issuance and formation of the shareholders register system.

At the first general meeting of the shareholders, the board of directors shall be elected.

2. The annual general meeting of the shareholders shall:

- 1) approve the annual financial statements of the company;
- 2) define the order of distributing the net income of the company over the last financial year and the amount of the dividend per ordinary share of the company;
- 3) consider the shareholder' appeals to the company's activity and its officials and the results of their consideration.

Chairman of the board of directors shall inform the shareholders of the company on the amount of remuneration and compensation to the members of the board of directors and the executive body of the company.

The annual general meeting of the shareholders may consider other issues that shall be within the competence of the general meeting of the shareholders.

3. The annual general meeting of the shareholders shall be held within five months after the end of the financial year.

This time limit shall be extended to three months if it is impossible to complete the audit of the company for the accounting period.

4. In the company, where all the voting shares are owned by a single shareholder, the general meeting of the shareholder shall not be held. The decisions on the issues, referred by the Law and (or) the company's charter to the competence of the general meeting of shareholders, shall be taken by the shareholder solely and shall be subject to registration in a written form, provided that these decisions shall not infringe or restrict the rights, certified by the preferred shares.

5. If in the cases, provided in paragraph 4 of this article, a sole shareholder or a person, possessing all the voting shares of the company, is a legal entity, the decisions on the matters, referred by the Law and the company's charter to the competence of the general meeting of the shareholders, shall be taken by the body, the officials or employees of the legal entity, that shall be entitled to take such decisions in accordance with the legislation of the Republic of Kazakhstan and the charter of the legal entity.

*Article 35 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 28.12. 2011 № 524-IV*

### **Article 36. Competence of the general meeting of the shareholders**

1. Exclusive competence of the general meeting of the shareholders shall include the following issues:

- 1) changes and amendments to the company's charter or approval of its new version;
  - 1-1) approval of the corporate governance code, as well as the changes and amendments to it if the adoption of the Code is provided by the company's charter;
- 2) voluntary reorganization or liquidation of the company;
- 3) a decision to increase the number of the authorized shares of a company or changing the type of the unplaced authorized shares;
  - 3-1) to define the conditions and the procedure for converting the securities of the company, as well as their change;
  - 3-2) to take a decision to issue securities, convertible into the ordinary shares of the company;
  - 3-3) to take a decision on exchange of the allotted shares of one type into another type, to define the conditions and procedure for such exchange;
- 4) to define the number and the terms of office of the counting commission, election of its members and early termination of their powers;
- 5) to define the number, the terms of office of the board of directors, election of its members and early termination of their powers, as well as to define the amount and conditions of remuneration and compensation of expenditures of the members of the board of directors for performing their duties;
- 6) to define an audit organization to audit the company;
- 7) to approve the annual financial statements;
- 8) to approve the procedure for distributing the net income of the company over the financial year, to take a decision to pay dividends on the ordinary shares and to approve to amount of the dividend per ordinary share of the company;
- 9) to take a decision on non-payment of dividends on ordinary shares of the company;
  - 9-1) to take a decision on voluntary delisting of the shares of the company;
- 10) to take a decision on the company's participation in establishment and work of other legal entities or cessation of membership (shareholders) of other legal entities through transfer (receipt) of a part or several parts of assets, in the amount of twenty-five or more percent of all the assets, owned by the company;
- 11) (is excluded - № 72 dated 08.07.2005)
- 12) (is excluded - № 72 dated 08.07.2005)

13) to define the form of notification of the shareholders to convene a general meeting of the shareholders and to take a decision to publish this information in the media;

14) to approve changes to the methodology (approval of the methodology, if it is approved by the foundation meeting) of assessing the value of the shares at their redemption by the company in the unorganized market in accordance with this Law;

15) to approve the agenda of the general meeting of the shareholders;

16) to define the order of providing information to the shareholders about the company, including definition of the media, if such order is not defined by the company's charter;

17) to introduce and cancel the «golden share»;

18) other issues, the decision making on which is assigned by this Law and (or) the company's charter to the exclusive competence of the general meeting of the shareholders.

1-1. Specific aspects of the competence of the sole shareholder of the national management holdings, national holdings shall be established by the Law of the Republic of Kazakhstan «On the State Property».

2. The decisions of the general meeting of the shareholders on the issues, specified in subparagraphs 1) - 3) and 14) of paragraph 1 of this article, shall be taken by a qualified majority of the total number of voting shares of the company, and in the company, founded after reorganization of an investment privatization fund - by a qualified majority of the voting shares of the company, represented at the meeting.

The decisions of the general meeting of the shareholders on other issues shall be taken by a simple majority of the total number of voting shares, participating in the voting, if this Law and (or) the company's charter do not specify otherwise. In this case the company's charter may provide for only a greater majority of votes, required for decision making on certain issues.

3. The decision making, subject to the exclusive competence of the general meeting of the shareholders, may not be transferred to the competence of other bodies, officers and employees of the company, unless otherwise provided by this Law and other legislative acts of the Republic of Kazakhstan.

4. The general meeting of the shareholders shall be entitled to cancel any decision of other bodies of the company on the issues, relating to the internal business of the company, unless otherwise specified by the company's charter.

*Article 36 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 23.10.2008 № 72 -IV; dated 13.02.2009 № 135; dated 01.03.2011 № 414-IV; dated 28.12.2011 № 524-IV; dated 01.02.2012 № 551-IV*

### **Article 37. The procedure for convening the general meeting of the shareholders**

1. The annual general meeting of the shareholders shall be convened by the board of directors.

2. An extraordinary general meeting of the shareholders shall be convened at the initiative of:

- 1) the board of directors;
- 2) a major shareholder.

An extraordinary general meeting of the shareholders which is under the voluntary liquidation, may be convened, organized and conducted by the liquidation commission of a company.

Legislative acts of the Republic of Kazakhstan may provide the cases for compulsory convening of the extraordinary general meeting of the shareholders.

3. Organization and holding of the general meeting of the shareholders shall be performed by:

- 1) the executive body;



- 2) the registrar of the company in accordance with the signed agreement;
- 3) the board of directors;
- 4) the company's liquidation commission.

4. The costs of convening, organization and holding of the general meeting of the shareholders shall be covered by the company, except for the cases, established by this Law.

5. The annual general meeting of the shareholders may be convened and held on the basis of the court decision, taken on a claim of any person concerned, in case of violation of the procedure for convening the annual general meeting of the shareholders, established by this Law.

An extraordinary general meeting of the shareholders may be convened and held on the basis of the court decision, taken on a claim of a major shareholder of the company, if the bodies of the company did not fulfill its requirements to hold an extraordinary general meeting of the shareholders.

### **Article 38. Specific aspects of convening and holding a general meeting of the shareholders at the initiative of a major shareholder**

1. The request of a major shareholder to convene an extraordinary general meeting of the shareholders shall be submitted to the board of directors through sending a corresponding written notification to the location of the executive body, which shall contain the agenda of such meeting.

2. The board of directors shall not be entitled to amend the agenda and the offered order of the extraordinary general meeting of the shareholders, convened at the request of a major shareholder.

When convening the extraordinary general meeting of the shareholders in accordance with the request, the board of directors shall have the right to add any issues at its own discretion to the agenda of the general meeting.

3. If the request to convene an extraordinary general meeting of the shareholders is made by a major shareholder (shareholders), it shall contain the name (names) of the shareholder (shareholders), requesting convocation of such meeting and the number and type of his (their) shares.

The request to convene an extraordinary general meeting of the shareholders shall be signed by the person (persons), requiring to convene the extraordinary general meeting of the shareholders.

4. The board of directors, within ten working days from receipt of such request, shall make a decision and no later than three working days from the date of the decision send a notification to the person that submitted the request, on the decision taken to convene an extraordinary general meeting of the shareholders or on the refusal to convene it.

5. The board of directors of the company may refuse to convene an extraordinary general meeting of the shareholders at the request of a major shareholder if:

- 1) the procedure, established by this article, on submitting the request to convene an extraordinary general meeting of the shareholders is not observed;
- 2) the issues, offered for the agenda of the extraordinary general meeting of the shareholders, do not comply with the requirements of the legislation of the Republic of Kazakhstan.

The decision of the board of directors of the company to refuse to convene an extraordinary general meeting of the shareholders may be challenged in court.

6. If within the timeframes, stipulated by this Law, the board of directors did not made a decision to convene an extraordinary general meeting of the shareholders at the submitted request, the person, requesting the convocation, shall be entitled to apply to the court to oblige the company to hold an extraordinary general meeting of the shareholders.

*Article 38 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2008 № 58-IV*

### **Article 39. The list of the shareholders entitled to participate in a general meeting of shareholders**

1. The list of the shareholders entitled to participate in the general meeting of the shareholders and to vote on it, shall be made up by the registrar of the company on the basis of the shareholders register system of the company. The date of the list making cannot be earlier than the date of the decision taken on holding the general meeting.

The information that shall be included in the list of the shareholders, shall be defined by the authorized body.

2. If after the making up the list of the shareholders, that entitled to participate in the general meeting of the shareholders and to vote on it, the person, included in this list, alienated his voting shares, the right to participate in the general meeting of the shareholders shall go to the new shareholder. Relevant documents, certifying the ownership of the shares, shall be provided.

*Article 39 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

### **Article 40. The date, time and place of a general meeting**

1. The date and time of the general meeting of the shareholders shall be established in the way that the meeting could be attended by the largest number of the persons eligible to participate in it.

The general meeting of the shareholders shall be held in the place of location of the executive body.

2. The registration time of the meeting participants and the meeting time shall be enough for the counting commission to register and count the number of the meeting participants and define whether there is the quorum.

### **Article 41. Information about the general meeting of the shareholders**

1. The shareholders (the owner of the «golden share») shall be informed about the upcoming general meeting no later than thirty calendar days before it and in case of absent or mixed voting - no later than forty-five calendar days before the meeting date. In case of holding the general meeting of the shareholders of the company that is a financial institution, the agenda of which includes the issue on increasing the number of the authorized shares of the company in order to fulfill prudential and other norms and limits, specified by the legislation of the Republic of Kazakhstan, at the request of the authorized body, the shareholders (the owner of the «golden share») shall be notified of the upcoming general meeting no later than ten working days, and in the case of absentee or mixed voting - no later than fifteen working days before the meeting date.

2. A notification on the general meeting of the shareholders shall be published in the media or sent to them. If the number of the company's shareholders does not exceed fifty, the written notification shall be sent to the shareholders.

3. A notification on the general meeting of the shareholders shall contain:

- 1) the full name and address of the executive body of the company;
- 2) information about the initiator of the meeting;
- 3) the date, time and place of the general meeting of the shareholders, the registration time of the meeting participants, as well as the date and time of the second general meeting of the shareholders which shall be held if the first meeting does not take place;
- 4) the date of making up the list of the shareholders, entitled to participate in the general meeting of the shareholders;
- 5) the agenda of the general meeting of the shareholders;
- 6) familiarization of the company's shareholders with the agenda of the general meeting of the shareholders;

7) if the company is an investment privatization fund or it was founded after reformation of a privatization investment fund - the full name of the fund and the number of its license.

4. A minority shareholder may apply to the registrar of the company to unite with other shareholders to take decisions on the issues, specified in the agenda of the general meeting of the shareholders.

The order of applying of a minority shareholder and information distribution to other shareholders by the company's registrar shall be established by the agreement on keeping the register system of the securities holders.

*Article 41 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 28.12. 2011 № 524-IV*

#### **Article 42. The second general meeting of the shareholders**

1. The second general meeting of the shareholders may be appointed no earlier than the next day after the due date of the first (the failed) general meeting of the shareholders.

2. The second general meeting of the shareholders shall be held at the place of the failed general meeting of the shareholders.

3. The agenda of the second general meeting of the shareholders shall not differ from the agenda of the failed general meeting of the shareholders.

#### **Article 43. Agenda of the general meeting of the shareholders**

1. The agenda of the general meeting of the shareholders shall be formed by the board of directors and shall contain an exhaustive list of the specifically formulated questions to be discussed.

The agenda of the general meeting of the shareholders may be supplemented by a major shareholder or the board of directors, provided that the shareholders of the company are informed of such amendments not later than fifteen days before the date of the general meeting or in the order, prescribed by paragraph 4 of this article.

2. At the opening of the general meeting of shareholders held in the internal order, the board of directors shall report about the proposals to amend the agenda.

3. Adoption of the agenda of the general meeting of the shareholders shall be made by a majority of votes of the total number of voting shares, represented at the meeting.

4. The agenda may be amended and (or) supplemented if the majority of the shareholders (or their representatives) that participate in the general meeting of the shareholders and own in the aggregate not less than ninety-five percent of the voting shares, voted for it.

The agenda may be supplemented by the question, the decision on which may restrict the rights of the shareholders, owing the preferred shares, if at least two-thirds of the total number of the allotted (excluding the repurchased) preferred shares voted for the amendment.

When making a decision by the general meeting of the shareholders through the absentee voting, the agenda of the general meeting of the shareholders cannot be amended and (or) supplemented.

5. The general meeting of the shareholders shall not be entitled to consider the issues that are not included in the agenda, and take decisions on them.

6. It is prohibited to use such wording with broad understanding as «any other», «other» and other statements similar to them in the agenda.

*Article 43 as amended by the Laws of the Republic of Kazakhstan dated 19.02.2007 № 230; dated 05.07.2008 № 58-IV*

#### **Article 44. Materials on the agenda of the general meeting of the shareholders**

1. Materials on the agenda of the general meeting of the shareholders shall contain the information to the extent necessary to make reasonable decisions on these issues.

2. The materials on election of the company's bodies shall include the following information on the proposed candidates:

- 1) the surname, name, as well as the patronymic - at the option;
- 2) information on education;
- 2-1) information on the affiliation to the company;
- 3) information on the jobs and positions, held for the last three years;
- 4) other information confirming qualification and experience of the candidates.

If the question on election of the board of directors (the election of a new member of the board of directors) is included in the agenda of the general meeting of the shareholders, the materials shall indicate what shareholder shall be represented by the candidate, proposed to the board of directors or whether he shall be the candidate for the position of an independent director of the company. If the candidate to the members of the board of directors is a shareholder or an individual, referred to in subparagraph 3) of paragraph 2 of article 54 of this Law, the information shall also be indicated in the materials with the data included on the percentage of ownership of the voting shares by the shareholder as of the date of forming the list of the shareholders.

3. The materials on the agenda of the annual general meeting of the shareholders shall include:

- 1) the annual financial statements of the company;
- 2) the auditor's report to the annual financial statements;
- 3) the proposals of the board of directors on distribution of the net income of the company for the last financial year and the amount of the dividend for the year per one ordinary share of the company;
- 3-1) the information on the shareholders' appeals to the company's actions and its officials and the results of their consideration;
- 3-2) in public companies, the report of the board of directors on its activities during the reporting period;
- 4) other documents at the discretion of the initiator of the general meeting of the shareholders.

4. The materials on the agenda of the general meeting of the shareholders shall be ready and available at the location of the executive body of the company for the shareholders' review not later than ten days before the date of the meeting, and at the request of a shareholder - sent to him within three working days from the receipt of the request; the expenditures for copying the documents and their delivery shall be covered by the shareholder, unless otherwise provided by the charter.

*Article 44 as amended by the Laws of the Republic of Kazakhstan dated 19.02.2007 № 230; dated 10.02.2011 № 406-IV; dated 28.12.2011 № 524-IV*

#### **Article 45. The quorum of the general meeting of the shareholders**

1. The general meeting of the shareholders shall be entitled to consider and take decisions on the agenda, if at the end of the meeting participants' registration, the shareholders or their representatives are registered that included in the list of the shareholders, entitled to attend it and vote on it, owing in the aggregate fifty or more percent of the voting shares.

2. The second general meeting of the shareholders, held in place of the failed one, shall have the right to consider the issues of the agenda and make decisions on them if:

- 1) the order of convening the general meeting of the shareholders that failed due to lack of quorum, was kept;

2) at the end of the registration for participation in it, the shareholders (or their representatives) are registered, holding in the aggregate forty or more percent of the voting shares of the company, including the shareholders voting in absentia.

The charter of the company with ten thousand or more shareholders may provide the lesser (not less than fifteen per cent of the voting shares of the company) quorum for the second general meeting of the shareholders.

3. The second general meeting of the shareholders in the company, established after reorganization and re-registration of an investment privatization fund, shall have the right to consider and take decisions on the agenda, if at the end of the registration of the meeting participants to take part in it, at least five hundred shareholders (or their representatives), owning the voting shares of the company, were registered.

4. In case if the shareholders receive the absentee ballots, the votes, represented by the said ballots and received by the company by the time of registration of the participants of the general meeting, shall be taken into account when defining the quorum and the voting results.

In the absence of a quorum at the general meeting of the shareholders through the absentee voting, the second general meeting of the shareholders shall not be held.

*Article 45 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

#### **Article 46. Counting commission**

1. A counting commission shall be elected at the general meeting of the shareholders, the number of the shareholders of which shall be a hundred and more.

In the company with less than one hundred shareholders, the functions of the counting commission shall be performed by the secretary of the general meeting of the shareholders. At the first general meeting of the shareholders the functions of the counting commission shall be performed by the registrar of the company.

Upon the decision of the general meeting of the shareholders, the functions of the counting commission may be assigned to the company's registrar.

2. The counting commission shall consist of not less than three persons. The counting commission may not include the members of collegial bodies of the company, and the person, solely performing the functions of the executive body of the company.

In the absence of a member of the counting commission during the general meeting of the shareholders, an additional election of a member of the counting commission shall be allowed for the time of the meeting.

3. The counting commission shall:

- 1) verify the functions of those that came to attend the general meeting of the shareholders;
- 2) register the participants of the general meeting of the shareholders and provide them with the materials on the agenda of the general meeting of the shareholders;
- 3) define the validity of the received absentee ballots and count the number of valid ballots and the vote on each agenda issue;
- 4) define the quorum of the general meeting of the shareholders, including during the meeting and announce the presence or absence of the quorum;
- 5) clarify the rights of the shareholders at the general meeting of the shareholders;
- 6) count the votes on the issues, considered by the general meeting of the shareholders and the voting results;
- 7) draw up a protocol on the voting results at the general meeting of the shareholders;
- 8) submit the ballots and report on the voting results to the company's archives.

4. The counting commission shall ensure confidentiality of the information, contained in the ballots, filled at the general meeting of the shareholders.

*Article 46 as amended by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV*



#### **Article 47. Representation at the general meeting of the shareholders**

1. A shareholder shall have the right to participate in the general meeting of the shareholders and to vote on the issues personally or through his representative.

Members of the executive body of the company shall not have the right to act as representatives of the shareholders at the general meeting of the shareholders.

Employees of the company shall not have the right to act as representatives of the shareholders at the general meeting of the shareholders, except for the cases when such representation based on a letter of attorney, containing clear instructions on voting on all issues of the agenda of the general meeting of the shareholders.

2. A letter of attorney is not required for participation in the general meeting of the shareholders and voting on the issues for the person that in accordance with the legislation of the Republic of Kazakhstan or a contract, shall be entitled to act without the letter of attorney on behalf of the shareholder or represent him.

*Article 47 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV*

#### **Article 48. The order of the general meeting of the shareholders**

1. The procedure of the general meeting of the shareholders shall be defined in accordance with this Law, the charter and other documents of the company, regulating the internal activity of the company, or directly by the decision of the general meeting of the shareholders.

2. Prior to the opening of the general meeting of the shareholders, the registration of the arrived shareholders (or their representatives) shall be conducted. A shareholder's representative shall submit a letter of attorney, confirming his competence to attend and vote at the general meeting of the shareholders.

A shareholder (the shareholder's representative), not passed a registration, shall not be counted in the quorum and shall not be entitled to vote.

A shareholder of the company that owns the preferred shares shall be entitled to attend the general meeting of the shareholders in a mandatory manner and discuss the considered issues.

Unless otherwise specified by the charter of the company or by the general meeting of the shareholders in a mandatory manner, the other persons can attend it without an invitation. The right of the persons to make reports at the general meeting of the shareholders shall be established by the company's charter or by the decision of the general meeting of the shareholders.

3. The general meeting of the shareholders shall be opened at the announced time in the presence of the quorum.

The general meeting of the shareholders cannot be opened before the announced time, except for the case when all the shareholders (or their representatives) have already been registered, notified and do not mind changing the opening time of the meeting.

4. The general meeting of the shareholders shall elect a chairman (presidium) and a secretary of the general meeting.

The general meeting of the shareholders shall define the form of voting - open or secret (by ballots). If the company's charter provides otherwise, when voting for election of a chairman (presidium) and a secretary of the general meeting of the shareholders, each shareholder shall have one vote, and the decision shall be taken by a simple majority vote of those present.

Members of the executive body shall not be entitled to chair the general meeting of the shareholders, except for the cases when all the shareholders present at the meeting are the members of the executive body.

5. During the general meeting of the shareholders, its chairman shall be entitled to put to a vote an issue on closure of the debates on the issue, as well as on changing the method of voting on it.

Chairman shall not be entitled to interrupt the speeches of the persons, entitled to participate in discussion of the agenda, except for the cases when such performances (speeches) breach the order of the general meeting of the shareholders or when the debates on the issue are ended.

6. The general meeting of the shareholders may take a decision to have a break in its work and to extend the time of work, including to move consideration of certain issues of the agenda of the general meeting of the shareholders to the following day.

7. The general meeting of the shareholders may be adjourned only after consideration of all the issues of the agenda and the decision-making on them.

8. Secretary of the general meeting of the shareholders shall be responsible for completeness and accuracy of the information, reflected in the minutes of the general meeting of the shareholders.

#### **Article 49. Decision making by the general meeting of the shareholders through the absentee ballot**

1. Decisions of the general meeting of the shareholders may be taken through absentee ballot. Absentee voting can be used together with the voting of the shareholders present at the general meeting of the shareholders (the mixed voting) or without holding the general meeting of the shareholders.

2. The company's charter, except for the public companies, may prohibit decision making through the absentee voting for all or some issues of the agenda of the general meeting of the shareholders.

3. During the absentee voting, the ballots of a single form shall be sent (distributed) to the persons that included in the list of the shareholders.

The company may not send selectively the voting ballots to the certain shareholders in order to influence the voting results of the general meeting of the shareholders.

4. The ballot shall be sent to the persons, included in the list of the shareholders not later than forty-five days before the general meeting of the shareholders. During the absentee voting without the general meeting of the shareholders, the company with five hundred or more shareholders shall be obliged to publish in the media, established by the charter, the absentee ballot of the general meeting of the shareholders together with the notice of the general meeting of the shareholders.

5. Absentee ballot shall contain:

- 1) the full name and address of the executive body of the company;
- 2) the information about the initiator of the meeting;
- 3) the final date for submitting the absentee ballots;
- 4) the date of the general meeting of the shareholders or the date of counting the absentee votes without the general meeting of the shareholders;
- 5) the agenda of the general meeting of the shareholders;
- 6) the names of the candidates proposed for election, if the agenda of the general meeting of the shareholders includes the issues on election of the members of the board of directors;
- 7) the wording of the questions to be voted on;
- 8) voting options for each issue of the agenda of the general meeting of the shareholders, expressed by the words «for», «against», «abstain»;
- 9) an explanation of the voting procedure (filling of the ballot) on each issue of the agenda.

6. Absentee ballot shall be signed by a shareholder - an individual with the information of the identity document of the person.

An absentee ballot for a shareholder - a legal entity shall be signed by its head and sealed by the legal entity.

A ballot, unsigned by a shareholder - an individual or the head-the shareholder - a legal entity, and without the seal of the legal entity, shall be deemed as invalid.

When counting the votes, the votes on the issues on which the shareholder observed the voting procedure, defined in the ballot, shall be taken into account and only one of the possible votes shall be marked.

7. If the agenda of the general meeting of the shareholders includes the issues on election of the members of the board of directors, the absentee ballot shall contain a field for indicating the number of votes, given for certain candidates.

7-1. If during the general meeting of the shareholders through the absentee voting, the duly completed ballots were submitted by all the shareholders prior to the date of the votes' counting, the vote counting may be conducted earlier, which reflected in the minutes of the voting results.

8. If a shareholder that previously submitted an absentee ballot arrived to attend and vote at the general meeting of the shareholders, where a mixed vote is applied, his ballot shall not be counted in the quorum of the general meeting of the shareholders and in the counting of votes of the agenda issues.

*Article 49 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 28.12. 2011 № 524-IV*

#### **Article 50. Voting at the general meeting of the shareholders**

1. Voting at the general meeting of the shareholders is based on the principle «one share - one vote», except for the following cases:

- 1) limitation of the maximum number of votes of the shares, given to one shareholder in the cases, stipulated by the legislative acts of the Republic of Kazakhstan;
- 2) cumulative voting when electing the members of the board of directors;
- 3) provide each person, entitled to vote at the general meeting of the shareholders, with one voice on the procedure of the general meeting of the shareholders.

2. In cumulative voting, the votes offered by the shares may be given by the shareholder for one candidate to the board of directors or distributed by him among several candidates to the board of directors. The candidates for whom the largest number of votes given, shall be considered to be elected to the board of directors.

3. In case if the voting at the general meeting of the shareholders in praesentia is secret, the ballots for such voting (hereafter in this article - the ballots for secret voting in praesentia) shall be drawn up for each issue on which the secret voting was held. At that, the ballot for secret voting in praesentia shall contain:

- 1) the question itself or its serial number in the agenda of the meeting;
- 2) the voting options on the issue, expressed by the words «for», «against», «abstain», or other voting options for each candidate to the company's bodies;
- 3) the number of votes, owned by a shareholder.

4. The ballot for secret voting in praesentia shall not be signed by the shareholder, except for the case when the shareholder himself expressed a desire to sign the ballot, including to submit a request to the company on repurchase of his shares in accordance with this Law.

When counting the votes on the ballots for secret voting in praesentia, the votes on the issues on which the voter observed the voting procedure, specified in the ballot, shall be counted and only one of the possible votes shall be marked.

#### **Article 51. The minutes on the voting results**

1. Upon the voting results, a counting commission shall draw up and sign the minutes of voting.

2. If a shareholder has a special opinion on the question put to the vote, the counting commission shall make a corresponding entry in the minutes.

3. After drawing up and signing of the protocol on the voting results, the ballots, filled for the secret voting in person and absent voting (including the invalid ballots), on the basis of which the minutes drew up, shall be bounded together with the minutes and shall be kept in the company.

4. The protocol on the results of the voting shall be attached to the minutes of the general meeting of the shareholders.

5. The voting results shall be announced at the general meeting of the shareholders, where the voting held.

6. The voting results of the general meeting of the shareholders or the results of the absentee voting shall be submitted to the shareholders through publication in the media or a written notice, sent to each shareholder within fifteen calendar days after the closure of the general meeting of the shareholders.

Notification of the shareholders about the voting results shall be defined by the company's charter.

*Article 51 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 28.12.2011 № 524-IV*

#### **Article 52. The minutes of the general meeting of the shareholders**

1. The minutes of the general meeting of the shareholders shall be drawn up and signed within three working days after the closure of the meeting.

2. The minutes of the general meeting of the shareholders shall contain:

- 1) the full name and address of the executive body of the company;
- 2) the date, time and place of the general meeting of the shareholders;
- 3) information on the number of the voting shares, represented at the general meeting of the shareholders;
- 4) the quorum of the general meeting of the shareholders;
- 5) the agenda of the general meeting of the shareholders;
- 6) the voting procedure at the general meeting of the shareholders;
- 7) a chairman (presidium) and a secretary of the general meeting of the shareholders;
- 8) speeches of the persons, participating in the general meeting of the shareholders;
- 9) total number of votes of the shareholders on each issue of the agenda of the general meeting of the shareholders, put to the vote;
- 10) the issues, put to the vote, and the voting results thereon;
- 11) the decisions taken by the general meeting of the shareholders.

If the general meeting considers the issue on election of the board of directors (election of a new member of the board of directors), the minutes of the general meeting specify whose shareholder is the representative, elected as the member of the board of directors and (or) who of the elected members of the board of directors is an independent director.

3. The minutes of the general meeting of the shareholders shall be signed:

1) by the chairman (members of the presidium) and the secretary of the general meeting of the shareholders;

2) by the members of the counting commission;

3) by the shareholders, owing ten or more percent of the voting shares of the company and participating in the general meeting of the shareholders.

If it is impossible to sign the protocol by the person, obliged to sign it, the protocol shall be signed by his representative on the basis of a letter of attorney, issued to him, or by the person, that in accordance with the legislation of the Republic of Kazakhstan or a contract, shall be entitled to act without a letter of attorney on behalf of the shareholder or to represent him.

4. In case of disagreement of any of the persons, referred to in paragraph 3 of this article, with the minutes, the person shall have the right to refuse to sign it after giving a written explanation of the reasons for refusal that shall be attached to the minutes.

5. The minutes of the general meeting of the shareholders shall be bounded together with the voting results, the letters of attorney to attend and vote at the general meeting, as well as to sign the protocol and the written explanations of the reasons for refusal to sign the protocol. These documents shall be kept by the executive body and submitted to the shareholders for familiarization at any time. At the request of the shareholder, he shall be provided with the copy of the minutes of the general meeting of the shareholders.

*Article 52 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 28.12. 2011 № 524-IV*

### **Article 53. The board of directors**

1. The board of directors shall perform an overall management of the company, except for resolving the issues, referred by this Law and (or) the charter of the company to the exclusive competence of the general meeting of the shareholders.

2. Unless otherwise provided by this Law and (or) the charter of the company, the exclusive competence of the board of directors shall include the following:

1) defining the priorities of the company's activity and its development strategy or approval of a development plan of the company in the cases, stipulated by the legislative acts of the Republic of Kazakhstan;

2) decision making to convene annual and extraordinary general meetings of the shareholders;

3) decision making on placement (sales), including on the number of the allotted (offered) shares within the number of the authorized shares, the method and the offering price (offer);

4) decision making to repurchase the allotted shares by the company or other securities and the price of their repurchase;

5) preliminary approval of the annual financial statements;

5-1) approval of the provisions on the board of directors;

6) (is excluded - dated 19.02.2007 № 230).

7) defining the terms of issuance of the bonds and derivative securities of the company, and decision making on their issuance;

8) defining the number, the terms of office of the executive body, the election of its leader and members (the person, solely exercising the functions of the executive body), and early termination of their powers;

9) defining the amount of salaries and remuneration conditions and bonuses to the head and the members of the executive body (the person, solely performing the functions of the executive body);

10) defining the number, the terms of office of internal audit, appointment of its head and members, as well as the early termination of their powers, defining the order of the internal audit service, the amount and the terms of remuneration and bonuses to the specialists of the internal audit service;

10-1) appointment, determination of the terms of office of a corporate secretary, early termination of his powers, as well as determination of the amount of the salary and remuneration conditions of the corporate secretary;



11) defining the amount of payments to the audit organization for auditing the financial statements and the appraiser's assessment of the market value of the property, transferred to pay the company's shares or that is a subject of a major transaction;

12) (is excluded - № 72 dated 08.07.2005);

13) approval of the documents, regulating the internal work of the company (with the exception of the documents, adopted by the executive body to organize the company), including an internal document, establishing the conditions and procedure for holding bids and subscription of securities of the company;

14) decision making on establishment and closure of branches and representative offices of the company and approval of provisions on them;

15) decision making on purchase (disposal) of ten or more per cent of the shares (the share ownership in the authorized capital) of other legal entities;

15-1) decision making on the activities related to the competence of the general meeting of the shareholders (participants) of the legal entity, ten or more per cent of the shares of which (the share ownership in the authorized capital) is owned by the company;

16) an increase of the company's liabilities by ten or more percent of its equity capital;

17) is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV;

18) defining the information about the company or its activities, constituting official, commercial or other secret, protected by the law;

19) decision making on major transactions and the interested party transactions;

20) other issues, provided by this Law, and (or) the charter of the company, not related to the exclusive competence of the general meeting of the shareholders.

3. The questions, specified by paragraph 2 of this article, shall not be delegated to the executive body for further resolving.

3-1. Specific aspects of the competence of the board of directors of the national management holdings, the national holdings, shall be established by the Law of the Republic of Kazakhstan «On the State Property».

4. The board of directors shall not be entitled to make decisions on the issues that in accordance with the charter of the company, shall be referred to the competence of its executive body, and make the decisions that shall be contrary to the decisions of the general meeting of the shareholders.

5. The decisions made by the board of directors are subject to coordination with the owner of the «golden share» in the issues, in respect of which the veto right was established.

6. The board of directors shall:

1) monitor and, if possible, resolve potential conflicts of interest at the level of officials and shareholders, including misuse of public property and abuse during the interested party transactions;

2) monitor the effectiveness of the corporate governance practice in the company.

*Article 53 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 23.10.2008 № 72 -IV; dated 13.02.2009 № 135; dated 10.02.2011 № 406-IV; dated 01.03.2011 № 414-IV; dated 28.12.2011 № 524-IV; dated 01.02.2012 № 551-IV*

#### **Article 53-1. Committees of the board of directors**

1. In order to consider the most important issues and to make recommendations to the board of directors, the committees of the board of directors shall be established in the company.

2. Committees of the board of directors shall consider the following questions:

1) for strategic planning;

2) for resources and remuneration;

3) for internal audit function;

- 4) for social issues;
- 5) other matters provided by internal documents.

3. Committees of the board of directors shall consist of the members of the board of directors and the experts that have the necessary knowledge to work in a particular committee.

A committee of the board of directors shall be headed by a member of the board of directors. The heads (chairmen) of the committees of the board of directors, referred to in paragraph 1 of this article, shall be the independent directors.

The head of the executive body may not be the chairman of the committee of the board of directors.

4. The order of formation and operation of the committees of the board of directors, as well as the number of the members shall be established by the internal document, approved by the board of directors.

*The Law is supplemented by article 53-1, in accordance with the Law dated 19.02.2007 № 230; is in the wording of the Law of the Republic of Kazakhstan dated 21.06.2011 № 106-V.*

#### **Article 54. Members of the board of directors**

1. An individual only may be a member of the board of directors.

A member of the board of directors may not transfer the functions, assigned to him in accordance with this Law and (or) the charter of the company, to other persons.

2. Members of the board of directors shall be elected from:

- 1) the shareholders - individuals;
- 2) the persons, proposed (recommended) for election to the board of directors as the representatives of the shareholders;
- 3) the individuals that are not the shareholders of the company and not offered (not recommended) to be elected to the board of directors as the representative of the shareholder.

3. The members of the board of directors shall be elected by a cumulative voting with appliance of the voting ballots, except for the case when one candidate stands for one seat in the board of directors. Bulletin of cumulative voting shall contain the following columns:

- 1) a list of candidates to the board of directors;
- 2) the number of votes, owned by a shareholder;
- 3) the number of votes, cast by a shareholder for a candidate to the board of directors.

It is prohibited to add the voting options «against» and «abstain» to the ballot for cumulative voting.

A shareholder shall be entitled to cast votes on shares, owned by him, for one candidate or distribute them among several candidates to the board of directors. The candidates with the highest number of votes shall be considered elected to the board of directors. If two or more candidates to the board of directors received an equal number of votes, an additional cumulative voting shall be held for these candidates and the shareholders shall receive the ballots of cumulative voting, indicating the candidates that got an equal number of votes.

4. The members of the executive body, except for its head, cannot be elected to the board of directors. The head of the executive body shall not be elected the chairman of the board of directors.

5. The number of the members of the board of directors shall be not less than three members. Not less than thirty percent of the board of directors shall be the independent directors.

6. The requirements to the persons, elected to the board of directors shall be established by the legislation of the Republic of Kazakhstan and the company's charter.

*Article 54 is in the wording of the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV, as amended by the Law of the Republic of Kazakhstan dated 04.07.2013 №130-V*

### **Article 55. The term of office of the members of the board of directors**

1. The persons, elected to the board of directors may be re-elected an unlimited number of terms, unless otherwise provided by the legislation of the Republic of Kazakhstan and the company's charter.

2. The terms of office of the board of directors shall be set by the general meeting of the shareholders.

The terms of office of the board of directors shall be terminated at the time of the general meeting of the shareholders that held to elect a new board of directors.

3. The general meeting of the shareholders shall be entitled to terminate the powers of all or some of the members of the board of directors.

4. Early termination of the powers of a member of the board of directors at his initiative shall be performed on the basis of a written notice of the board of directors.

The powers of such member of the board of directors shall be terminated from the date of receipt of the said notification by the board of directors.

5. In case of early termination of powers of a member of the board of directors, a new member of the board of directors shall be elected through a cumulative voting at the general meeting of the shareholders, at that the powers of the newly elected member of the board of directors shall be terminated with the expiration of the terms of office of the board of directors.

*Article 55 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

### **Article 56. Chairman of the board of directors**

1. A chairman of the board of directors shall be elected from its members by a majority vote of the total number of the members of the board of directors through a secret ballot, unless otherwise provided by the charter of the company.

The board of directors may re-elect a chairman at any time, unless otherwise provided by the charter of the company.

2. A chairman of the board of directors shall organize the work of the board of directors, conduct its meetings, as well as perform other functions, defined by the charter of the company.

3. In the absence of the chairman of the board of directors, his functions shall be performed by one of the members of the board of directors upon the decision of the board of directors.

### **Article 57. Convening a meeting of the board of directors**

1. A meeting of the board of directors may be initiated by its chairman or executive body or at the request:

- 1) of any member of the board of directors;
- 2) of the internal audit service of the company;
- 3) of the audit organization, auditing the company;
- 4) of a major shareholder.

2. The request to convene a meeting of the board of directors shall be submitted to the chairman of the board of directors by sending a written notice containing the proposed agenda of the meeting of the board of directors.

If the chairman of the board of directors refuses to convene the meeting, the initiator may apply to the executive body with this request that is to convene the meeting of the board of directors.

The meeting of the board of directors shall be convened by the chairman of the board of directors or the executive body no later than ten calendar days from receiving the request to convene the meeting, unless otherwise provided by the company's charter.

The meeting of the board of directors shall be held with the obligatory invitation of the person that submitted the request.

3. The procedure for sending the notices to the members of the board of directors about the meeting of the board of directors shall be defined by the board of directors, and to the owner of the «golden share» - by the company's charter.

4. The materials on the agenda shall be submitted to the members of the board of directors at least seven calendar days before the meeting, unless other terms shall be defined by the charter of the company.

In case of considering the decision to make a major transaction, and (or) the interested party transactions, the information about the transaction shall include the information about the parties of the transaction, the terms and conditions of the transaction, the nature and scope of interests of those involved in it, as well as a report of the appraiser (in the case, provided by paragraph 1 of article 69 of this Law).

5. The member of the board of directors shall notify in advance the executive body about his failure to participate in the meeting of the board of directors.

*Article 57 is in the wording of the Law of the Republic of Kazakhstan dated 10.02.2011 № 406-IV*

### **Article 58. Meeting of the board of directors**

1. The quorum for a meeting of the board of directors shall be defined by the charter of the company, but it shall not be less than half of the members of the board of directors. A meeting of the board of directors of a public company shall be attended by the independent directors in the number of not less than half of the total number of the independent directors.

If the total number of the members of the board of directors is not enough to achieve a quorum, defined by the charter, the board of directors shall convene an extraordinary general meeting of the shareholders to elect new members of the board of directors. The remaining members of the board of directors may take a decision on convening such extraordinary general meeting of the shareholders.

2. Each member of the board of directors shall have one vote.

Decisions of the board of directors shall be taken by a simple majority vote of the board of directors, attending the meeting, unless otherwise provided by this Law and the company's charter.

The company's charter may provide that under the equality of votes, the vote of the chairman of the board of directors or the person, presiding the meeting of the board of directors, shall be crucial.

3. The board of directors may take a decision to hold a private meeting that shall be open only to the members of the board of directors.

4. The company's charter and (or) internal documents of the company may provide the possibility of taking decisions by the board of directors through an absentee voting on the issues, submitted for consideration to the board of directors, and the procedure for making such decisions.

A decision shall be considered as taken under the absentee voting if the quorum in the timely received bulletins is provided.

The decision of the absentee meeting of the board of directors shall be in a written form and shall be signed by the secretary and the chairman of the board of directors.

Within twenty days from the date of the decision making, it shall be sent to the members of the board of directors with the copies of bulletins attached, taken into account for the decision making.

5. The decisions of the board of directors that adopted at its meeting in a mandatory manner, shall be recorded in the protocol that shall be drawn up and signed by the person, presiding the

meeting, and the secretary of the board of directors within three days from the date of the meeting and shall contain:

- 1) the full name and address of the executive body of the company;
- 2) the date, time and place of the meeting;
- 3) information on the persons that participated in the meeting;
- 4) the agenda of the meeting;

5) the questions put to the vote, and the voting results with indication of the vote of each member of the board of directors on each issue of the agenda of the meeting of the board of directors;

6) the decisions taken;

7) other information upon the decision of the board of directors.

6. The minutes of meetings of the board of directors and the decisions of the board of directors, taken by absentee voting, shall be kept in the company.

At the request of a member of the board of directors, the secretary of the board of directors shall be obliged to provide him with the minutes of the meeting of the board of directors and the decisions taken by absentee ballot for further familiarization and (or) to issue extracts from the minutes and decisions, certified by the signature of the authorized employee of the company and the company's seal.

7. Member of the board of directors of the company that did not participate in a meeting of the board of directors or voted against the decision, taken by the board of directors in violation of the procedure, established by this Law and the charter of the company, shall have the right to challenge it in the court.

8. A shareholder shall have the right to challenge in the court a decision of the board of directors, adopted in violation of the requirements of this Law and the company's charter, if the decision taken violates the rights and legitimate interests of the company and (or) the shareholder.

*Article 58 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 05.07. 58 № 2008-IV; dated 10.02.2011 № 406-IV; dated 28.12.2011 № 524-IV*

### **Article 59. Executive Body**

1. Executive body shall manage the current activities of the company. Executive body may be collegial or individual.

Executive body shall be entitled to make decisions on any issues of the company's activity that not referred by this Law and other legislative acts of the Republic of Kazakhstan and the company's charter to the competence of other bodies and officials of the company.

The decisions of the collegial executive body of the company shall be recorded in the protocol that shall be signed by all the members of the executive body present at the meeting and contain the issues put to the vote, the voting results with indication of the vote of each member of the executive body on every issue.

It is prohibited to transfer the votes by the member of the executive body of the company to another person, including another member of the executive body of the company.

Executive body shall be obliged to fulfill the decisions of the general meeting of the shareholders and the board of directors.

The decisions of the executive body on the issues, in respect of which the veto right is established, shall be agreed with the owner of the «golden share».

The company shall have the right to challenge the validity of a transaction, made by its executive body in violation of the restrictions, established by the company, if it can prove that at the moment of the transaction the parties knew about such restrictions.



2. The members of the collegial executive body may be the shareholders and employees of the company that are not its shareholders.

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

A head of the executive body or a person, solely performing the functions of the executive body of the company, shall not be entitled to hold the position of a head of the executive body or a person, solely performing the functions of the executive body in another legal entity.

Functions, rights and duties of a member of the executive body shall be established by this Law and other legislative acts of the Republic of Kazakhstan, the company's charter, as well as the employment contract, signed between the individual and the company. The employment contract on behalf of the company with the head of the executive body shall be signed by the chairman of the board of directors or by the person, authorized by the general meeting or the board of directors. The employment contract with other members of the executive body shall be signed by the head of the executive body.

*Article 59 as amended by the Laws of the Republic of Kazakhstan dated 19.02.2007 № 230; dated 15 May, 2007 № 253; dated 05.07.2008 № 58-IV; dated 10.02.2011 № 406-IV*

#### **Article 60. Powers of the head of the executive body**

The head of the executive body shall:

1) organize implementation of the decisions of the general meeting of the shareholders and the board of directors;

2) without a power of attorney, act on behalf of the company in its relations with the third parties;

3) issue the letter of attorney to represent the company in its relations with the third parties;

4) employ, transfer and dismiss the employees of the company (except for the cases, provided by this Law), encourage them and impose disciplinary sanctions, establish the amount of their salaries and personal bonuses to the salaries in accordance with the company's staffing plan, define the premiums for the company's employees, except for the employees, who are the members of the executive body, and the internal audit service of the company;

5) in case of his absence, he assigns his duties to one of the members of the executive body;

6) distribute responsibilities, as well as powers and responsibilities among the members of the executive body;

7) perform other functions, defined by the company's charter and the decisions of the general meeting of the shareholders and the board of directors.

*Article 60 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

#### **Article 61. Internal audit service**

1. In order to control financial and economic activity of the company, the internal audit service may be established.

2. Employees of the internal audit service may not be elected to the board of directors and the executive body.

3. The internal audit service shall be subordinated directly to the board of directors and reports to it about its work.

*Article 61 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

#### **Article 62. Principles of work of the officials of the company**

1. Officials of the company shall:

1) perform their duties conscientiously and use the methods which best reflect the interests of the company and its shareholders;

2) not use the company's assets or permit its use in violation of the company's charter and the decisions of the general meeting of the shareholders and the board of directors, as well as for personal use and abuse when making transactions with their affiliates;

3) ensure integrity of the accounting and financial reporting, including the independent audit;

4) control distribution of the information about the company's activities in accordance with the requirements of the legislation of the Republic of Kazakhstan;

5) maintain confidentiality of the information about the company's activity, including during three years after termination of employment in the company, unless otherwise provided by its internal documents.

2. The members of the board of directors shall:

1) act in accordance with the requirements of the legislation of the Republic of Kazakhstan, the charter and the internal documents of the company on the basis of awareness, transparency for the benefit of the company and its shareholders;

2) treat all the shareholders fairly, to exercise objective independent judgment on corporate issues.

*Article 62 as amended by the Laws of the Republic of Kazakhstan dated 19.02.2007 № 230; dated 10.02.2011 № 406-IV; dated 01.02.2012 № 551-IV*

### **Article 63. Responsibility of the officials of the company**

1. Officials of the company shall bear responsibility, established by the laws of the Republic of Kazakhstan, for the damage, caused by their actions or inaction to the company and its shareholders, for the losses, incurred by the company, including, the losses, incurred in the result of:

1) provision of misleading or false information;

2) violation of the order of providing the information, established by this Law;

3) the proposal to make and (or) take a decision on major transactions and (or) the interested parties transactions, that resulted in the losses of the company because of fraud and (or) inaction, including to get profits (income) after such transactions with the company for them or their affiliates.

If the general meeting of the shareholders, in the cases, provided for in this Law and (or) the charter of the company, takes a decision on a major transaction and (or) the interested party transactions, such decision shall not exempt from liability the official that offered to conclude them, or the official, that acted in bad faith, and (or) was inactive at the meeting of the company's body, the member of which he shall be, including to obtain profits (income) by them or their affiliates, if their actions inflicted losses to the company.

2. The company, on the basis of the decision of the general meeting of the shareholders or the shareholder (shareholders), owing (in the aggregate) five or more percent of the voting shares of the company, on its behalf, may apply to the court against the official for compensation of the losses, inflicted to the company, and the return of profit (income) to the company by the official and (or) its affiliates, that obtained after conclusion (proposal to conclude) of the major transactions and (or) the interested parties transactions, that inflicted losses to the company, if the official acted in bad faith and (or) failed to act.

The company, on the basis of the decision of the general meeting of the shareholders or the shareholder (shareholders), owing (in the aggregate) five or more percent of the voting shares of the company, on its behalf, may apply to the court against the official of the company and (or) the third party for compensation of the company's damages, caused by the concluded transaction between the company and the third party, if at the moment of making transaction and (or) the deal itself, the official of the company, on the basis of a contract with the third party, acted in violation of the legislation of the Republic of Kazakhstan, the charter and internal documents of

the company or its labour contract. In this case, the said third party and the official of the company shall act as joint debtors of the company when recovering the losses to the company.

Before applying to the courts, the shareholder (shareholders), owing (in the aggregate) five or more percent of the voting shares of the company shall apply to the chairman of the board of directors with the request to include the issue on compensation of losses, caused by the officials to the company, and the return of profits (income) by the officials and (or) their affiliates to the company, that received after making (proposal to the conclusion) the major transactions and (or) the interested parties transactions, to the agenda of the meeting of the board of directors.

A chairman of the board of directors shall convene a meeting in a mandatory manner of the board of directors no later than ten calendar days from the date of receiving the request, referred to in subparagraph three of this paragraph.

The decision of the board of directors on the request of the shareholder (shareholders), owing (in the aggregate) five or more percent of the voting shares of the company shall be brought to their information during three calendar days from the date of the meeting. After receipt of the decision of the board of directors or its non-receipt within the timeframes, prescribed by this paragraph, the shareholder (shareholders), owing (in the aggregate) five or more percent of the voting shares of the company shall have the right to apply to the court to protect the company's interests if the documents provided confirming the shareholder's appeal to the chairman of the board of directors on the above issue.

3. The officials of the company, except for the official, interested in a transaction and that offered to conclude the transaction, resulting in the losses, inflicted to the company, shall be exempted from the liability if they voted against the decision, taken by the company, that resulted in the losses of the company or the shareholder, or did not participate in the voting for good reasons.

The official shall be exempted from paying compensation for the losses, incurred as a result of a commercial (business) decision, if it is proved that he acted properly in compliance with the principles, established by this Law for the official's activity, on the basis of the up-to-date (proper) information at the time of the decision making and who reasonably believed that the decision shall be for the company's benefit.

4. The officials of the company that found guilty of crimes against property, in economic activity area, or against the interests of the service in commercial or any other organizations, as well as those, exempted from criminal liability for non-rehabilitation grounds for committing these crimes, may not be the officials of the companies, as well as the representative of the shareholders at the general meeting of the shareholders within five years after cancellation or clearing of a criminal record in the order, established by the law.

5. If the financial statements of the company misrepresent the financial position of the company, the officials that signed the financial statements of the company, shall be liable to the third parties that had material losses.

6. For the purposes of this article, the definitions shall include:

in bad faith - is a decision (proposal to the conclusion), that shall not be in the company's interest, on major transactions and (or) the related parties transactions in violation of the principles, established by this Law, for the officials' activity, resulted in the losses to the company, that not covered by normal business risks;

inaction - is when an official of the company abstained when making a decision on major transactions and (or) the related parties transactions, in the result of which the company suffer losses, that not covered by normal business risks, or he did not participate in the voting for no good reason.

*Article 63 is in the wording of the Law of the Republic of Kazakhstan dated 10.02.2011 № 406-IV*

## **Chapter 6. The affiliated persons of a joint stock company**

### **Article 64. An affiliated person of the company**

1. An affiliated person of the company shall be:

- 1) a major shareholder;
- 2) close relatives, spouse (wife), close relatives of husband (wife) of an individual, referred to in sub-paragraphs 1), 3) and 8) of this paragraph, except for the independent director of the company;
- 3) an official of the company or a legal entity, referred to in subparagraphs 1), 4), 5), 6), 6-1), 7), 8), 9) and 10) of this paragraph, except for the independent director;
- 4) a legal entity, controlled by a person that is a major shareholder or an official of the company;
- 5) a legal entity, in relation to which, the person that is the major shareholder or an official of the company, shall be the major shareholder or own a share in the property;
- 6) a legal entity, in relation to which the company shall be a major shareholder or have the right to an appropriate share in the property;
- 6-1) a legal entity, in relation to which the entity, referred to in subparagraph 6) of this section, shall be a major shareholder or have the right to the appropriate share in the property;
- 7) a legal entity that together with the company shall be under the control of the third party;
- 8) a person, that has a contract with the company, pursuant to which it shall have the right to influence the decisions, taken by the company;
- 9) a person that alone or together with its affiliated entities, owns, uses, disposes ten or more percent of the voting shares of the company (share ownership of the organization) or the legal entities, referred to in subparagraphs 1), 4), 5), 6), 6 - 1), 7), 8) and 10) of this paragraph;
- 10) other person that is an affiliated person of the company in accordance with the legislative acts of the Republic of Kazakhstan.

1-1. Affiliated person of an individual shall be:

- 1) the close relatives, spouse (wife), close relatives of husband (wife);
- 2) a legal entity in which the individual and (or) the persons, referred to in subparagraph 1) of this paragraph shall be a large shareholder (major participant) and (or) an official;
- 3) a legal entity that is controlled by this individual, and (or) the persons, referred to in subparagraph 1) of this paragraph;
- 4) a legal entity, in relation to which the entities, referred to in subparagraphs 2) and 3) of this paragraph shall be the major shareholders (the major participants), or have the right to an appropriate share in the property;
- 5) the officials of the legal entities, referred to in subparagraphs 2), 3) and 4) of this paragraph.

2. Control over the company or other legal entity shall be the ability to define the decisions, taken accordingly by the company or other legal entity.

3. The provisions of this article shall not apply to the companies that are non-profit organizations and credit bureaus.

The following persons shall not be affiliated:

- 1) the persons that are the major shareholders (participants) of a non-profit organization or a credit bureau;
- 2) the incapable and the impaired persons.

*Article 64 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 23.10.2008 № 72-IV; dated 28.12.2011 № 524-IV*

**Article 65.** Is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

**Article 66. Specific aspects of transactions involving the affiliates**

1. Specific aspects of the company's transactions involving its affiliated persons shall be established by this Law and other legislative acts of the Republic of Kazakhstan.

2. Non-compliance with the requirements, established by this Law and other legislative acts of the Republic of Kazakhstan, to the order of the company's transactions involving its affiliated persons, shall be the ground for recognition of the transaction as invalid by the court, at the suit of any interested person.

3. A person that knowingly entered into a transaction with violation of the requirements to the transactions with the affiliates, established by this Law, shall not require invalidation of the transaction, if such a requirement caused by selfish motives or the intention to evade responsibility.

*Article 66 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

**Article 67. Disclosure of the information on the affiliated persons of the company**

1. The data about the affiliates of the company shall not be the information that constitutes official, commercial or other secret, protected by law.

2. The company shall keep records of its affiliated persons, taking into account the information, provided by these persons or the company's registrar (only in respect of the persons that are the major shareholders in the order, established by the authorized body).

The order of providing the information by the shareholders and the officials of the company about their affiliates shall be established by the charter.

3. Individual and legal entities, that are the affiliates of the company, may provide information about their affiliates to the company within seven days from the date of affiliation.

4. The company shall be required to submit a list of their affiliated entities to the authorized body in the established order.

*Article 67 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

**Chapter 7. Transactions of the company that performed under the specific conditions**

**Article 68. Major transaction**

1. A major transaction shall be:

1) a transaction or a range of the interrelated transactions in the result of which the company purchases or alienates (may purchase or alienate) the property worth twenty-five or more percent of the total balance sheet assets of the company;

2) a transaction or a range of the interrelated transactions in the result of which the company may repurchase its allotted securities or sell the securities, repurchased by it in the amount of twenty-five or more percent of the total number of the allotted securities of the same type;

3) a transaction that is recognized as major in the charter of the company.

2. The interrelated transactions shall be:

1) several transactions made with the same person or with a group of the affiliated persons in order to purchase or alienate the same property;

2) the transactions, registered in one or several contracts, related to each other;

3) other transactions that recognized as interconnected by the charter or by the decision of the general meeting of the shareholders.

*Article 68 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 05.07.2012 № 30-V*



### **Article 69. The cost of the property that is a subject of transaction**

1. A decision on a transaction, resulting in purchase or alienation of the property worth ten or more percent of the company's assets shall be made, taking into account the market value of the property, assessed by the appraiser in accordance with the legislative act of the Republic of Kazakhstan on valuation activities.

If the subject of the transaction is money and (or) securities, issued (allotted) at the primary market, the valuation shall not be conducted.

2. If the property, the market value of which is to be assessed, shall be the securities, traded in the organized securities market, then, when assessing their market value, the price of such transactions with such securities or the bid and offer prices for such securities shall be taken into account. If the property, the market value of which is to be assessed, shall be the shares of the company itself, then, when assessing their market value, the amount of equity capital of the company, the outlook for its changing in accordance with the development plans of the company and other factors, influencing the market value, shall be taken into account.

*Article 69 as amended by the Law of the Republic of Kazakhstan dated 10.02.2011 № 406-IV*

### **Article 70. Fulfillment of major transaction by a joint stock company**

1. A decision on conclusion of a major transaction by a joint stock company shall be taken by the board of directors.

In order to inform the creditors and shareholders, within five working days following the decision of the board of directors on concluding a major transaction, the company shall publish about the transaction in the media in the state and other languages.

2. The company's charter may define a list of major transactions, the decisions on which shall be taken by the general meeting of the shareholders, as well as the order of their fulfillment.

3. In case of disagreement with the decision of the company on conclusion of a major transaction, adopted in the order, established by this Law and the charter of the company, the shareholder shall have the right to demand redemption of his shares by the company in the order, prescribed in this Law.

*Article 70 is in the wording of the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

### **Article 71. An interested party transaction of a joint stock company**

1. The persons, interested in the transaction (hereinafter - the interested parties) shall be the affiliated persons of the company if they are:

- 1) a party of a transaction or participate in it as an agent or a representative;
- 2) the affiliates of the legal entity that is a party of the transaction or which participates in it as a representative or an agent.

2. The following shall not be a transaction if the company is interested in it:

- 1) a transaction for purchase of the shares or other securities of the company by a shareholder, as well as the redemption of the allotted shares by the company;
- 2) a transaction on commitment to disclose information, containing banking, commercial or other secrets, protected by law;
- 3) reorganization of the company, conducted in accordance with this Law;
- 4) transaction of the company with its affiliated person, performed in accordance with the legislation of the Republic of Kazakhstan on the state procurements;
- 5) conclusion of a contract between the company and its affiliated person, the typical form of which is established by the legislation of the Republic of Kazakhstan.

*Article 71 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 28.12.2011 № 524-IV*

### **Article 72. Information about the company's interest in a transaction**

The persons, referred to in paragraph 1 of article 71 of this Law, in the order, established by the charter of the company, shall be required to inform the board of directors about:

1) the fact that they shall be a party of the transaction or participate in it as an agent or representative;

2) the legal entities with which they affiliated, including about the legal entities in which they own independently or together with its affiliates ten or more percent of the voting shares (shares, equity interests), and about the legal entities in which they hold positions;

3) about the transactions made or proposed in which they can be recognized as the interested parties.

*Article 72 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 28.12.2011 № 524-IV*

### **Article 73. Requirement to the order of an interested party transaction**

1. A decision on conclusion of an interested party transaction shall be taken by a simple majority vote of the members of the board of directors that are not interested in the transaction.

2. The decision on conclusion of an interested party transaction shall be taken at the general meeting of the shareholders by a majority of votes of the shareholders that not interested in the transaction, in the following cases:

1) if all the members of the board of directors of the company are the interested parties;

2) inability to take the decision on the transaction by the board of directors for the absence of the number of votes necessary for the decision making.

3. The decision on conclusion of an interested party transaction shall be taken at the general meeting of the shareholders by a simple majority of votes of the total number of the voting shares of the company if all the members of the board of directors of the company and all the shareholders, owing the ordinary shares, are the interested parties.

In this case, the general meeting of the shareholders shall be provided with the information (with the documents attached), necessary to make the reasonable decision.

4. The company's charter may define another procedure for concluding certain types of transactions with the related parties.

Article 73 is in the wording of the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

### **Article 74. Effects of the company's transactions, fulfilled under the special conditions**

1. Failure to comply with the requirements of this Law for a major transaction and the interested party transaction shall entail the recognition of these transactions invalid in the court, at the suit of the persons concerned.

2. A person, interested in the transaction, concluded in violation of the requirements to the order of conclusion, and the principles of the officials' activity, provided by this Law, shall be liable to the company in the amount of the damages, caused to the company. In case of making a transaction by several persons, their responsibility to the company shall be solidary.

3. A person that knowingly entered into a major deal with violation of the requirements, established by this Law and the charter of the company, shall not be entitled to require invalidation of the transaction, if such a request is caused by selfish motives or the intention to evade responsibility.

4. The requirements of this chapter shall not be applied to the transactions in respect of which this Law establishes special conditions, concluded between the organizations that are in the group of the national holding company, in accordance with the Law of the Republic of Kazakhstan «On the National Welfare Fund».

*Article 74 as amended by the Laws of the Republic of Kazakhstan dated 13.02.2009 № 135; dated 10.02.2011 № 406-IV*

## **Chapter 8. Financial statements and audit of a joint stock company**

### **Article 75. Financial statements of the company**

1. (Is excluded - dated 28 February, 2007 № 235).
2. The order of accounting record-keeping and preparation of financial statements of the company shall be established by the legislation of the Republic of Kazakhstan on accounting and financial reporting and the international accounting standards.

*Article 75 as amended by the Laws of the Republic of Kazakhstan dated 28.02.2007 № 235; dated 05.07.2012 № 30-V*

### **Article 76. Annual financial statements of a joint stock company**

1. Executive body shall annually provide the general meeting of the shareholders with the annual financial statements for the past year, audited in accordance with the legislation of the Republic of Kazakhstan on auditing, for its discussion and approval. In addition to the financial statements, the executive body shall provide the general meeting with an audit report.

2. (Is excluded - dated 28 February, 2007 № 235).

3. The annual financial statements shall be subject to prior approval by the board of directors not later than thirty days before the date of the annual general meeting of the shareholders.

Final approval of the annual financial statements of the company shall be made at the annual general meeting of the shareholders.

4. The company shall annually publish the consolidated annual financial statements in the media, and in the absence of a subsidiary (affiliated) organization (s) - the non-consolidated annual financial statements and the audit report in the order and within the timeframe, established by the authorized body.

Information on a major transaction and (or) the interested party transactions shall be disclosed in the notes to the annual financial statements in accordance with the international financial reporting standards. The information about the transaction that resulted in purchase or alienation of property worth ten or more percent of the company's assets, shall include the data about the parties of the transaction, the terms and conditions of the transaction, the nature and the share ownership of those involved, as well as other information about the transaction.

*Article 76 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 28 February, 2007 № 235; dated 11.07.2009 № 185-IV; dated 10.02.2011 № 406-IV; dated 05.07.2012 № 30-V*

**Article 77.** Is excluded by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72

### **Article 78. Audit of a joint stock company**

1. The company shall be obliged to audit the annual financial statements.
2. The company's audit may be initiated by the board of directors, the executive body at the expense of the company or at the request of a major shareholder at his expense, at that the major shareholder shall have the right to define an auditing organization. In case of performing the audit at the request of a major shareholder, the company shall be obliged to provide all the necessary documentation (documents), requested by the audit organization.

3. If the executive body of the company refuses to perform audit of the company, the audit may be appointed by a court decision at the suit of any interested person.

*Article 78 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

## **Chapter 9. Disclosure of information by the company. Documents of the company**

### **Article 79. Disclosure of information by the company**

1. The company shall be obliged to inform its shareholders and investors about the following corporate events of the company:

1) the decisions, taken by the general meeting of the shareholders and the board of directors on the list of issues, the information about which should be brought to the notice of the shareholders and investors in accordance with the internal documents of the company;

2) issuance of the shares and other securities by the company and the authorized body's approval of the reports on placement of the company's securities, reports on redemption of securities of the company, invalidation of the company's securities by the authorized body;

3) conclusion of major transactions and the interested party transactions by the company;

3-1) pledge (re-pledge) of the company's property worth five or more percent of the assets of the company;

4) receipt of a loan by the company in the amount of twenty-five or more percent of the equity capital of the company;

5) obtaining licenses for any types of activities, suspension or termination of the previously obtained licenses for the company's activities;

6) the company's participation in establishment of a legal entity;

7) arrest of the company's property;

8) occurrence of circumstances of emergency nature, which resulted in destruction of the company's property, the balance value of which was ten or more percent of the total assets of the company;

9) bringing the company and its officials to the administrative responsibility;

9-1) initiation of proceedings for a corporate dispute;

10) a decision on compulsory reorganization of the company;

11) other events, affecting the interests of the shareholders and investors in accordance with the charter of the company, as well as the prospectus of issue of the company's securities.

2. Is excluded - № 72 dated 08.07.2005

2-1. A public company shall place on the corporate web site the information about the corporate events, referred to in subparagraphs 1), 2), 3), 4), 5), 6), 7), 9), and 9-1) of paragraph 1 of this article.

2-2. In the web site, the company shall place a depository of financial statements, defined in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting, the information about corporate events, the annual financial statements of the company and the audit report in the order and timeframe, specified by the legislative acts of the authorized body.

The company, whose securities are in the list of the stock exchange, in addition to the information, specified in the first part of this paragraph, provides the web site with the depository of financial statements, defined in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting, quarterly financial statements and provides the stock exchange with the information about all the corporate events and quarterly financial statements in the order, prescribed by its internal documents, for publication on the web site.

3. The information on corporate events shall be provided in accordance with this Law and the company's charter.

If this Law and other legislative acts of the Republic of Kazakhstan do not specify the dates (bringing to the notice of the shareholders) of the information release, this information shall be

published (made available to the shareholders) within five working days from the date of its occurrence.

Information about initiation of proceedings on a corporate dispute shall be provided to the shareholders within seven working days from the date of receipt by the company of the relevant judicial notice (summon) for a corporate dispute case.

The company shall keep a list of the company's employees that have information constituting business or commercial secret.

*Article 79 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated from 19.02.2007 № 230; dated 05.07. 58 № 2008-IV; dated 10.02.2011 № 406-IV; dated 28.12.2011 № 524-IV*

### **Article 80. Documents of a joint stock company**

1. The company's documents relating to its activities shall be kept by the company within the duration of its activities at the location of the executive body of the company or in another place, specified by its charter.

The following documents shall be kept:

1) the charter of the company, the amendments and additions, made to the company's charter;

2) the minutes of the constituent assemblies;

3) the foundation agreement (the decision of the sole founder), amendments and additions, made to the foundation agreement (the decision of the sole founder);

4) is excluded by the Law of the Republic of Kazakhstan dated 24.12.2012 № 60-V;

5) is excluded by the Law of the Republic of Kazakhstan dated 19.03.2010 № 258-IV;

6) licenses to engage in certain types of activities and (or) to take certain actions;

7) the documents, proving the company's right to property that is (was) on its balance sheet;

8) prospectus of issue of the company's securities;

9) the documents, confirming the state registration of the issuance of the company's securities, invalidation of securities, as well as the reports on the results of placement and redemption of securities of the company, presented to the authorized body;

10) the provisions about the branches and offices of the company;

11) the minutes of the general meetings of the shareholders, the protocols of the voting results and ballot papers (including the invalid ballots), the materials on the agenda of the general meetings of the shareholders;

12) the lists of the shareholders, submitted to hold the general meeting of the shareholders;

13) the minutes of the meetings (the meetings in absentia) of the board of directors and the ballot papers (including the invalid ballots), the materials on the agenda of the board of directors;

14) the minutes of the meetings (decisions) of the executive body;

15) the corporate governance code, if available.

2. Other documents, including the financial statements of the company, shall be kept for the period, specified in accordance with the legislation of the Republic of Kazakhstan.

3. At the request of the shareholder, the company shall be obliged to provide him with the copies of the documents, specified by this Law, in the order, defined by the charter of the company, but not later than ten calendar days from the date of receipt of such request by the company, at that the restrictions on provision of information is permitted, constituting official, commercial or other secret, protected by law.

The fee for providing copies of the documents shall be established by the company and may not exceed the cost of making copies of the documents and payment of costs, associated with the delivery of the documents to the shareholder.



The documents, regulating certain aspects of issuance, circulation and conversion of securities of the company, containing the information constituting official, commercial or other secret, protected by law, shall be submitted to the shareholders at his request.

*Article 80 as amended by the Laws of the Republic of Kazakhstan dated 19.02.2007 № 230; dated 19.03.2010 № 258-IV; dated 10.02.2011 № 406-IV; dated 24.12.2012 № 60-V*

## **Chapter 10. Reorganization and liquidation of a joint stock company**

### **Article 81. Reorganization of a joint stock company**

1. Reorganization of the company (merger, accession, division, separation, transformation) shall be performed in accordance with the Civil Code of the Republic of Kazakhstan, taking into account the specifications, established by the legislative acts of the Republic of Kazakhstan.

2. When reorganizing the company through division or separation, the creditors of the reorganized company shall have the right to demand early termination of obligations, the debtor of which shall be the company, and compensation of damages.

3. If in the case of reorganization the company terminates its activities, the issuance of its shares shall be canceled in the order, established by the legislation of the Republic of Kazakhstan.

*Article 81 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

### **Article 82. Merger of a joint stock companies**

1. Merger of companies shall be the emergence of a new company through transference of all the property to it, the rights and obligations under the merger agreement and in compliance with the transfer acts of two or more companies with termination of their activities.

2. The authorized capital of the company, formed by merger of companies, shall be the sum of the capitals of the reorganized companies, less the investments of one reorganized company into another reorganized company.

3. The shares of the established company shall be distributed among the shareholders of the reorganized companies in the following order:

1) the number of the authorized shares of the reorganized company, placed between the shareholders of each reorganized company, shall be defined taking into account the ratio of own capitals of these companies;

2) the number of the shares, distributed among the shareholders of each reorganized company, defined in accordance with sub-paragraph 1) of this paragraph, shall be placed among the shareholders of each reorganized company, proportionally to the number of the available shares of the reorganized company to the number of the allotted (excluding the repurchased) shares of this company.

3-1. In case of a merger of the main organization and a subsidiary, one hundred percent of the allotted shares of which owned by the main organization, the shares of the established company shall be placed between the shareholders of the main organization.

4. The board of directors of each of the reorganized companies shall submit for consideration of the general meeting of the shareholders the issue on reorganization in the form of a merger, the state registration of the issuance of the shares of the company, created by the merger, and the order of their allotment.

5. The decision to merge shall be adopted at the joint general meeting of the shareholders of the reorganized companies by a qualified majority of votes of the shareholders of each company. This decision of the general meeting of the shareholders shall contain the following provisions:

1) on approval of the merger agreement, which contains the information about the name, location of each of the reorganized companies, the order of placement of the shares and other terms of the merger;

2) on the state registration of the issuance of the shares of the company created by the merger.

6. The merger agreement shall be signed by all the shareholders of the reorganized companies.

The act of transfer shall be signed by the heads of the executive bodies and the chief accountants of the reorganized companies, and certified by the seals of the companies.

7. The reorganized companies shall send the written notifications on reorganization to all their creditors and publish relevant announcements in the media. The notifications shall be attached with the transfer act.

*Article 82 is in the wording of the Law of the Republic of Kazakhstan dated 08.07.2005 № 72; as amended by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV*

### **Article 83. Company accession**

1. Company accession to another company shall be the termination of the absorbed company's activity with the transfer of all the assets, rights and obligations of the absorbed company to another company on the basis of the merger agreement and in accordance with the act of transfer.

The company that adjoined, shall purchase the shares of the adsorbed company by allotment (selling) of its shares to the shareholders of the adsorbed company, proportionally to the ratio of the selling prices of the shares of the absorbed company to the offering price (selling) of the shares of the company that adjoined, defined in accordance with paragraph 2 of this article.

After the purchase of all the shares of the absorbed company, the said shares shall be canceled and the assets, rights and obligations of the absorbed company shall be transferred to the adjoined company according to the transfer act, signed by the heads of the executive body and chief accountants of the reorganized companies and stamped by the companies.

2. Selling price of the shares of the absorbed company shall be defined by the ratio of equity capital of the absorbed company to the number of its allotted shares (excluding the shares, repurchased by the company).

The offering price (sale) of the shares of the adjoined company shall be defined by the ratio of equity capital of the adjoined company to the number of its allotted shares (excluding the shares, repurchased by the company).

3. The board of directors of the absorbed company shall submit for consideration of the general meeting of the shareholders the issues on reorganization through merger, on the order, timeframes and the selling price of the shares of the absorbed company.

The board of directors of the adjoined company shall bring the issue on reorganization of the company in the form of the merger into another company, on the order, timing and the offering price (sale) of the shares to the consideration of the general meeting of the shareholders.

4. The decision on accession shall be taken by the joint general meeting of the shareholders of the company, that is merged, and the adjoined company by a qualified majority vote of the shareholders of each company.

A decision to join a joint general meeting of the shareholders shall contain the name, location of each of the companies, involved in the merger, the selling price of the shares of the absorbed company, the offering price (sale) of the shares of the company that is merged, and other terms and order of accession.

5. The adjoined company, as well as the merged company, shall be required to send notifications on reorganization through merger to all its creditors and publish relevant

announcements in the media. The notices shall be attached with the transfer act, as well as the information on the name and location of the company to which another company is joining.

*Article 83 is in the wording of the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

#### **Article 84. Company division**

1. Division of the company shall be the termination of the company's activity with transfer of all its assets, rights and obligations to the emerging companies. At that, the rights and responsibilities of the divided company shall be transferred to the newly emerged companies in accordance with the dividing balance sheet.

The amount of the authorized capitals of joint stock companies which emerged after division of the company shall be equal to the amount of equity capital of the reorganized company.

2. The shareholders of each of the companies that emerged after division of the companies shall be all the shareholders of the reorganized company.

The shares of the companies that emerged after division of companies, shall be placed among the shareholders of these companies in proportion to the ratio of the number of the shares of the reorganized company, that owned by the shareholder, to the number of the allotted shares (excluding the purchased shares) of the reorganized company.

3. The board of directors of the reorganized company shall put the issues to the general meeting of the shareholders on reorganization in the form of division, the order and conditions of division and on approval of the dividing balance sheet.

4. The general meeting of the shareholders of the reorganized company shall make a decision on reorganization in the form of division, the order and conditions of division and on approval of the dividing balance sheet.

5. Within two months from the date of the decision on division, taken by the general meeting of the shareholders, the company shall send notifications to all the creditors on division and publish the relevant announcements in the media. The notices shall be attached with the dividing balance sheet.

*Article 84 is in the wording of the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

#### **Article 85. Company separation**

1. Company separation shall be the creation of one or more public companies by the company with transfer of part of property, rights and obligations of the reorganized company without termination of its activities to the new companies in accordance with the dividing balance sheet.

When separating, the equity capital of the reorganized company shall not be subject to reduction.

The reorganized company shall take measures to register the separated companies in the judicial bodies.

2. The only founder of the separated company shall be the reorganized company.

The authorized capital of the separated company shall be equal to the difference between the assets and the liabilities, transferred to it by the reorganized company in accordance with the dividing balance sheet, and shall comply with the requirements, established by article 11 of this Law.

3. Is excluded by the Law of the Republic of Kazakhstan dated 28.12.2011 № 524-IV

4. The board of directors of the reorganized company shall put to consideration to the general meeting of the shareholders the issue on reorganization in the form of separation, the offering price (sale) of the shares of the separated company, the order and conditions of separation, and the draft of the dividing balance sheet.

5. The general meeting of the shareholders of the reorganized company shall take a decision on reorganization in the form of separation, the offering price (sale) of the shares of the separated company, the order and conditions of separation and approval of the dividing balance sheet.

6. Within two months from the date of the decision on separation, taken by the general meeting of the shareholders, the company shall send written notices to its creditors on reorganization in the form of separation and publish relevant announcement in the media. The notice shall be attached with the dividing balance sheet, as well as the name, location of each of the separated company.

*Article 85 is in the wording of the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

#### **Article 86. Company transformation**

1. The company (with the exception of a non-profit organization, established in the legal form of a joint stock company) may be transformed into a business partnership or a production cooperative, to which all the rights and obligations shall be transferred from the transformed company in accordance with the transfer act.

The company may be transformed into an autonomous education organization in the case provided by the Law of the Republic of Kazakhstan «On the status of «Nazarbayev University», «Nazarbayev Intellectual Schools» and «Nazarbayev Fund».

2. The board of directors of the transformed company shall submit to consideration of the general meeting of the shareholders the issue on transformation of the company, the order and conditions of the transformation, the procedure for defining the interest shares of the participants of the partnership or the shares of the production cooperative's members. The share of a member of a partnership, or a share of the production cooperative's member shall be defined in proportion to the ratio of the number of shares that were owned by the member of the restructured company to the total number of the allotted shares (excluding the repurchased shares).

The authorized capital of a partnership or a production cooperative shall be equal to the difference between the assets and liabilities, transferred to it by the reorganized company in accordance with the transfer act, and shall meet the requirements, established by the legislative acts of the Republic of Kazakhstan.

3. The general meeting of the shareholders of the restructured company shall make a decision on transformation of the company, the order and conditions for transformation, the procedure for defining the interest share of a partnership or the shares of the production cooperative and shall approve its transfer act.

4. At a joint meeting, the participants of the newly created legal entity shall take a decision on approval of its constituent documents and election of its bodies in accordance with the legislative acts of the Republic of Kazakhstan.

5. The persons, included in the list of the shareholders, drawn up on the day of cancellation of the share issuance by the company's registrar, shall become the members of the new legal entity that transformed from a joint stock company.

*Article 86 as amended by the Laws of the Republic of Kazakhstan dated 08.07.2005 № 72; dated 19.02.2007 № 230; dated 19.01. 2011 № 395-IV; dated 28.12.2011 № 524-IV*

#### **Article 87. Consequences of non-fulfillment of judgment on the forced reorganization of a joint stock company**

1. If the bodies of the company, authorized to perform the forced reorganization under the court decision in the form of division or separation, do not reorganize it within the period specified in that decision, the court shall appoint an administrator, meeting the qualification

requirements, and shall instruct him to conduct reorganization in the form of division or separation.

2. Since the appointment of an administrator, he shall receive the powers of the board of directors and the general meeting of shareholders to define the terms for reorganization, provided in Articles 84 and 85 of this Law.

3. The administrator, acting on behalf of the company, shall draw up a dividing balance sheet and shall submit it to the court together with the constituent documents of the companies, approved by the general meeting, established as a result of division or separation. The state registration of the companies, created after reorganization shall be carried out on the basis of the court decision.

#### Article 88. Liquidation of a joint stock company

1. The decision on voluntary liquidation of the company shall be taken by the general meeting of the shareholders that defines the liquidation procedure in agreement with the creditors and under their control in accordance with the legislative acts of the Republic of Kazakhstan.

2. The forced liquidation of the company shall be made by the courts in the cases, stipulated by the legislative acts of the Republic of Kazakhstan.

A request to liquidate the company may be brought to the court by the interested parties, unless otherwise provided by the legislative acts of the Republic of Kazakhstan.

3. A liquidation committee shall be created under the court decision or the general meeting on the company's liquidation.

The liquidation committee shall have the powers to manage the company during its liquidation and fulfill the actions, specified by the legislation of the Republic of Kazakhstan.

Under the voluntary liquidation, the liquidation committee shall include the representatives of the company's creditors, representatives of major shareholders, and other persons in accordance with the decision of the general meeting of the shareholders.

4. The liquidation procedure and the order of meeting the requirements of its creditors shall be regulated by the legislation of the Republic of Kazakhstan.

5. Upon liquidation of the company, its authorized and allotted shares shall be canceled in the order, established by the legislation of the Republic of Kazakhstan.

*Article 88 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

#### **Article 89. Distribution of assets of the liquidated company among the shareholders**

1. The assets of the liquidated company, remaining after satisfaction of the requirements of the creditors shall be distributed by the liquidation commission among the shareholders in the following order of priority:

1) in the first place - the payments on the shares to be repurchased in accordance with this Law;

2) in the second place- the payment of the accrued and unpaid dividends on the preferred shares;

3) in third place - the payment of the accrued and unpaid dividends on the ordinary shares;

4) (is excluded - № 72 dated 08.07.2005)

5) (is excluded - № 72 dated 08.07.2005)

The remaining assets shall be distributed among all the shareholders in proportion to the number of their shares.

2. The requirements of each queue shall be satisfied after full satisfaction of the previous queue, taking into account the requirements of paragraph 2 of article 13 of this Law.

If the assets of the liquidated company are insufficient to pay the accrued but unpaid dividends and to recover the value of the preferred shares, the said assets shall be fully distributed among such shareholders in proportion to the number of their shares.



*Article 89 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

## **Chapter 11. Final and transitional provisions**

### **Article 90. Transitional provisions**

1. The companies, founded prior to the enactment of this Law, within three years from the date of the enactment of this Law, shall amend their foundation documents and bring the total equity capital of the company into compliance with article 10 of this Law, taking into account a monthly calculation index, established by the Law on the republican budget for the relevant financial year, to the date of enactment of this Law or reorganize the company or liquidate it.

2. The authorized body shall be entitled to apply to the court for compulsory liquidation of the company or for its reorganization in the form of transformation in case of failure to comply with the requirements, specified in paragraph 1 of this article.

3. The company that prior to the enactment of this Law, independently formed, maintained and kept the register of the shareholders, within three months from the date of the enactment of this Law, shall take a decision on election of the company's registrar and shall submit documents to it that make up the registers system of the company's shareholders.

*Article 90 as amended by the Law of the Republic of Kazakhstan dated 08.07.2005 № 72*

### **Article 91. The order of enforcement of this Law**

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

2. The Law of the Republic of Kazakhstan dated 10 July, 1998 «On Joint Stock Companies» (the Bulletin of the Parliament of the Republic of Kazakhstan, 1998, №17-18, Art. 223, 1999, № 20, Art. 727; № 24, Art. 1072; 2001, № 23, Art. 321; 2002, № 10, Art. 102) shall be considered to lost force.

**The President  
of the Republic of Kazakhstan**