

On the Astana International Financial Centre
Constitutional Law of the Republic of Kazakhstan No. 438 -V 3PK dated 7 December 2015

Article 1. Basic definitions used in this Constitutional Law

The following definitions are used in this Constitutional Law:

- 1) The Astana International Financial (hereinafter – the “Centre”) – is a territory within the city of Astana with clearly defined borders, defined by the President of the Republic of Kazakhstan, within the framework of which there is a special legal regime;
- 2) Stock exchange – is a legal entity established in the legal organizational form as a joint stock company, providing organizational and technical support for trading of financial instruments in the Centre;
- 3) Licensing – a series of events related to the issuing of a permission to carry out an activity within the territory of the Centre which requires a license;
- 4) Centre’s Regulations – are the official documents in written form issued by the Centre’s body, regulating relationships between the Centre’s participants and (/or) and the Centre’s bodies, and (/or) their employees;
- 5) Centre Participants – are legal entities incorporated pursuant to the acting law of the Centre, and other legal entities accredited by the Centre;
- 6) Employee of the Centre’s participant or the Centre’s body – is an individual employed by the Centre’s participant or the Centre’s body, and responsible for implementation of main aims and objectives of the Centre’s participant or the Centre’s body;
- 7) Members of the families of the Centre’s participant’s or the Centre’s body’s employee – is a husband (wife) of the the Centre’s participant’s or the Centre’s body’s employee or their children under the age of eighteen years;

Article 2. Aims, objectives and principles of the activity of the Centre and its regulation

1. The aim of the Centre is to form a leading international centre of financial services.

2. The objectives of the Centre are:
 - 1) the attraction of investment into the economy of the Republic of Kazakhstan through the establishment of an attractive environment for investment in the financial services sphere;
 - 2) the development of capital markets in the Republic of Kazakhstan, ensuring their integration with the international capital markets;
 - 3) the development of markets for insurance and banking services and for Islamic financing in the Republic of Kazakhstan;
 - 4) the development of financial and professional services based on the principals of international best practice; and
 - 5) achieving international recognition as a financial centre.
3. The activities of the Centre shall be based on the following principles:
 - 1) efficiency of the Centre Participants;
 - 2) transparency in the activities of the Centre and the Centre Participants;
 - 3) fair practice of the Centre Participants;
 - 4) professionalism of the Centre Participants in the rendering of financial services; and
 - 5) the application of international standards and international best practice to the activities of the Centre Participants.
4. Regulation of the Centre is to be carried out in accordance with the principles of independence of the Centre and the Centre Participants.

Article 3. Activities performed within the territory of the Centre, and the Centre Participants

1. The requirements as to legal entities and the method for their accreditation as the Centre Participants, the nature of the activities which may be carried out within the territory of the Centre, the method of licensing and specified requirements as to Centre Participants, the process for the formation and registration of legal entities within the territory of the Centre and their organisational legal forms shall be determined by the Centre Management Council.
2. The requirements as to the issuance, placement, trading, purchase and redemption of securities within the territory of the Centre shall be set out by the Centre's Committee on regulation of financial services.

The requirements as to the issuance, placement, trading, purchase and redemption of other financial instruments, the placement and/or trading of which is carried out on the stock exchange are set forth by the stock exchange.

Article 4. The acting law of the Centre

1. The acting law of the Centre shall be based on the Constitution of the Republic of Kazakhstan and shall be comprised of:
 - 1) this Constitutional Law;
 - 2) the Centre's Regulations which do not contradict this Constitutional Law and which shall be based on the procedural principles and precedents of England and Wales and/or standards of other leading global financial centres adopted by the Centre's Bodies within the competence stipulated by this Constitutional Law;
 - 3) acting legislation of the Republic of Kazakhstan which shall be applied to the part unregulated by this Constitutional Law and the Centre's Regulations.

2. Procedure for development, registration, enforcement, publishing, amending, supplementing and termination of the Centre's Regulations shall be defined by the resolution of the Centre Management Council.
3. The Centre's Bodies have the right to adopt the regulations which regulate the following relations between the Centre's Participants and (or) the Centre's Bodies and (or) their employees:
 - 1) civil relations;
 - 2) civil procedural relations;
 - 3) financial relations;
 - 4) administrative relations.

In cases which are specified by this Constitutional Law, the Centre's Bodies shall adopt regulations regulating relations which are not specified in part one of this paragraph.

For the purposes of security of the national interests of the Republic of Kazakhstan and exclusion of the conditions for any threats for the national security of the Republic of Kazakhstan, the Centre's Regulations shall stipulate separate restrictions for the Centre's Participants.

4. If an international treaty ratified by the Republic of Kazakhstan sets forth other rules than those specified in this Constitutional Law, then the rules of the international treaty shall be applied.

Article 5. The money liabilities of the Centre Participants and currency regulation

1. The money liabilities of the Centre Participants shall be expressed and implemented in the currency specified by agreement between the parties.
2. The money liabilities of the participants of the stock exchange shall be expressed and implemented in a currency specified by the regulations of the stock exchange.
3. Regulations applicable to the realisation of currency operations related to the rendering of financial and professional services within the territory of the Centre, shall be set forth by the Centre Management Council.
4. The currency regulatory regimes specified by the Law of the Republic of Kazakhstan "On Currency Regulation and Currency Control" are not applicable to currency operations carried out by the Centre Participants within the territory of the Centre.
5. The Centre's Regulations may set out the requirements for the Centre Participants to provide information on operations carried out to the Centre Committee on regulation of financial services.

Article 6. Tax regime within the territory of the Centre

1. The tax regime within the territory of the Centre shall be determined by the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget" (the Tax Code) except exemptions stipulated by this Article.
2. Prior to 1 January 2066, the Centre's Bodies are exempted from paying corporate income tax under the compliance with conditions specified by the resolution of the Centre Management Council.
3. Prior to 1 January 2066, the Centre's Participants are exempted from paying corporate income tax on income received within the territory of the Centre received as a result of rendering the following financial services within the territory of the Republic of Kazakhstan:

- 1) banking services of the Islamic bank;
 - 2) reinsurance and insurance brokerage services;
 - 3) investment management of assets of the investment funds services, their register and storage, as well as services related to issuance, placement, trading, purchase and redemption of securities of the investment funds;
 - 4) brokerage and /or dealer, underwriter services;
 - 5) other financial services determined by the resolution of the Centre Management Council.
4. Prior to 1 January 2066 the Centre's Participants are exempted from paying corporate income tax on income received from law, audit, accounting, consulting services provided to the Centre's Bodies, as well as to the Centre's Participants providing services specified in paragraph 3 of this Article.
 5. For the purposes of paragraphs 3 and 4 of this Article, methods of separate income accounting subject to exemption from the corporate income tax and subject to taxation, as well as expenses subject to withholding shall be determined by joint regulation of the Centre Management Council, the central authorized body on the state planning and the state authority responsible for the management of the sphere of ensuring collection of taxes and other obligatory payments to the budget.
 6. Prior to 1 January 2066, foreigners employed by the Centre's Participants or the Centre's Bodies shall be exempted from paying the individual income tax on income received from the activity in the Centre under the employment agreement concluded with a Centre's participant providing services specified in paragraphs 3 and 4 of this Article or the Centre's Body.
 7. Prior to 1 January 2066, individuals and legal entities are exempted from paying individual income tax and the corporate income tax on the income received from the following:
 - 1) gains from realization of securities listed, as at the date of realization, in the on the official lists of stock exchange operating in the Centre;
 - 2) gains from realization of shares of participants - legal entities registered in accordance with the acting law of the Centre, or participatory interests in the charter capital of participants - legal entities registered in accordance with the acting law of the Centre;
 - 3) dividends and compensation on the securities listed, as at the date of distribution of such dividends and compensation in the official lists of stock exchange;
 - 4) dividends on the shares of participants - legal entities registered in accordance with the acting law of the Centre, or participatory interests in the charter capital of participants - legal entities registered in accordance with the acting law of the Centre.
 8. The Centre's Bodies and the Centre's Participants providing services specified in paragraphs 3 and 4 of this Article are exempted from paying property tax and land tax for objects located in the territory of the Centre.
 9. Tax administration and cooperation of the state revenue authorities with the Centre's Bodies and the Centre's Participants on the taxation issues of the Centre's Bodies and the Centre's Participants shall be determined by joint regulations of the Centre's Bodies and the state revenue authorities.

Article 7. Visa regime for foreigners and stateless persons

1. Foreigners and stateless persons arriving in the territory of the Republic of Kazakhstan for carrying out activities in the Centre shall obtain an entry visa at the foreign institutions of the

Republic of Kazakhstan or on their arrival at the international airports of the Republic of Kazakhstan.

2. Foreigners and stateless persons who are the employees of the Centre's Participants or the Centre's Bodies, as well as members of their families shall obtain an entry visa for a period up to five years.
3. The terms of visas of persons indicated in paragraphs 1 and 2 of this Article may be extended upon application of the Centre Administration without necessity to depart beyond the borders of the Republic of Kazakhstan in accordance with the laws of the Republic of Kazakhstan.
4. The terms and order of entry to and departure from the Republic of Kazakhstan of foreigners and stateless persons arriving to the Republic of Kazakhstan for the activities in the Centre shall be determined by the Centre's Bodies upon approval of the relevant state authorities of the Republic of Kazakhstan.
5. Citizens of countries of the Organisation for Economic Co-operation and Development, United Arab Emirates, Malaysia, the Republic of Singapore and the Principality of Monaco, as well as citizens of countries, designated by the Government of the Republic of Kazakhstan shall have the right to visa-free entry for a period of up to 30 calendar days from the date of entry to the territory of the Republic of Kazakhstan.

Article 8. Employment of foreign nationals

1. The Centre's Participants and the Centre's Bodies may employ foreigners and stateless persons for employment in the Centre without obtaining a work permit.

Foreigners and stateless persons employed by the Centre's Participants and the Centre's Bodies are relieved of the obligation to obtain a work permit in the Republic of Kazakhstan.

2. The Centre Participants and the Centre's Bodies are obliged to have and keep documents confirming high qualifications of each employee, while employed foreigners and stateless persons are obliged to provide documents confirming their high qualifications to the Centre Participants or the Centre's Bodies.

A list of documents confirming high qualification of a foreigner and stateless person is determined by the Centre Committee on regulation of the financial services.

3. The Center Administration shall keep records of foreign nationals employed by the Centre Participants and the Centre's Bodies. The Center Administration shall provide to the authorised body on population migration affairs with the information on the employed foreigners and stateless people. Scope of information provided to the authorised body on population migration affairs as well as periodicity and order shall be defined by the joint act of the Administration and the authorised body on population migration affairs.

Article 9. The Centre's Bodies

1. The Centre's Bodies are:
 - 1) the Centre Management Council;
 - 2) the Centre Administration;
 - 3) the Centre Committee on regulation of financial services;
 - 4) the Centre's court.
2. The Centre's Bodies are independent in their activities within the competence granted to them by this Constitutional Law and the Centre's Regulations.

3. The organization and order of control and monitoring of the activity of the Centre's Participants shall be determined by this Constitutional Law and the Centre's Regulations.

Article 10. The Centre Management Council

1. The Centre Management Council (the "**Council**") shall be a permanent collegial body headed by the President of the Republic of Kazakhstan.
2. The main objectives of the Council are the determination of strategic directions for the development of the Centre and assistance in the development of favourable conditions for the formation of a leading international centre of financial services.
3. The powers and authorities of the Council shall be as follows:
 - 1) to determine a strategy for the development of the Centre;
 - 2) to approve the annual report on the activities of the Centre;
 - 3) to adopt the Centre's Regulations in a form of the Resolutions on the matters within its competence stipulated by this Constitutional Law to the extent specified by paragraph 3 of Article 4 of this Constitutional Law;
 - 4) to determine the structure of the Centre's Bodies;
 - 5) to appoint the management of the Centre Committee on regulation of financial services;
 - 6) to make decisions establishing other bodies for the purposes of the Centre, determining their structures, competence and functions, as well as taking decisions on their abolition or reorganisation; and
 - 7) other authorities set out in the Council's Statute.
4. The Council's Statute and the composition of the Council shall be approved by the President of the Republic of Kazakhstan.

Article 11. The Centre Administration

1. The Centre Administration shall be a joint stock company established by the National Bank of the Republic of Kazakhstan overseeing the conditions of day-to-day activities of the Centre, the Centre Participants and their employees and representing its interests to the extent of its competence.
2. The Centre Administration shall have its own budget formed from the funds of the National Bank, as well as funds and payments contributed by the Centre Participants.

The Centre Administration is entitled to establish a legal entity within the territory of the Centre and purchase shares (participatory interests in the charter capital) of legal entities registered within the territory of the Centre without obtaining consent of the state authorities of the Republic of Kazakhstan.

3. The management body of the Centre Administration shall be the Board of Directors. Management of the ongoing activities of the Centre Administration is to be performed by the Management Board headed by the Chairman.

The powers of the general meeting of shareholders (sole shareholder), the Board of Directors and the Management Board, the quantitative composition of the Board of Directors and the Management Board, the method of their appointment and the terms of appointment of the members of the Board of Directors and the Management Board, and methods of determining the amount of compensation of the members of the Board of Directors and the Management Board shall be determined by the Council.

4. The powers and authorities of the Centre Administration shall be as follows:
 - 1) in consultation with the Centre Committee on regulation of financial services, to make suggestions to the Council on the strategy for the development of the Centre, other than in respect of regulation of financial services and operations related to it in the Centre;
 - 2) to report to the Council on the implementation of the approved strategy for the development of the Centre and to provide the Council with an annual report on the activities of the Centre for the Council's approval;
 - 3) to undertake necessary measures in relation to the Centre Participants on the basis and order defined by the Council;
 - 4) to develop drafts of the Council's resolutions, consider such drafts for approval by the Centre Committee on regulation of financial services and publish such drafts for public discussion and present such drafts to the Council for their adoption;
 - 5) to adopt regulatory statements in a form of regulatory provisions on the matters not related to the regulation of financial services and operations of the Centre related to financial services;
 - 6) to prepare and approve the annual and mid-term budgets of the Centre;
 - 7) to make suggestions to the Council on the formation of additional and other bodies necessary for the aims of the Centre, as well as their abolition or reorganisation;
 - 8) to establish and develop relations between the Centre and other international and regional financial centres, development institutions and other such organisations, in order to accomplish the aims of the Centre and develop its operations, with whom the Centre Administration may conclude any agreements and contracts, except for those which are related to the competence of the other Centre's Bodies;
 - 9) to assist in obtaining visas for employees of the Centre's Bodies or the Centre's Participants and recruiting employees by the Centre's Participants; and
 - 10) other authorities specified by the Council.

Article 12. The Centre Committee on regulation of the Financial Services

1. The Centre Committee on regulation of the financial services shall be a legal entity responsible for the regulation of financial services and operations of the Centre related to financial services.
2. The Centre Committee has its own budget formed from the funds of the National Bank of the Republic of Kazakhstan, as well as funds and payments contributed by the Centre's Participants.
3. The powers and authorities of the Centre Committee on regulation of the financial services shall be as follows:
 - 1) to develop drafts of the Council's resolutions in respect of the regulation of financial services and operations of the Centre related to financial services, publish such drafts for public discussion and present such drafts to the Council for their adoption;
 - 2) to adopt the acts in a form of regulatory provisions in respect of the regulation of financial services and operations of the Centre related to financial services;
 - 3) to implement the registration, accreditation and licensing of the Centre's Participants in order defined by the Council;
 - 4) to maintain a register of Centre Participants;

- 5) to control and supervise the activities of Centre Participants; and undertake necessary measures in relation to the Centre's Participants on the basis and order defined by the Council;
- 6) other authorities specified by the Council's resolutions.

Article 13. The Centre's Court

1. Judicial settlement of disputes specified by paragraph 4 of this Article shall be administered by the Centre's court only, which aims to protect the rights, freedom and legal interests of the parties and ensures the implementation of the acting law of the Centre.
2. The Centre's court is independent in their activity and separable from the judicial system of the Republic of Kazakhstan.
3. The Centre's court consists of: (i) a court of first instance and (ii) a court of appeal.
4. The Centre's Court shall have no jurisdiction in respect of criminal and administrative proceedings and have an exclusive jurisdiction in relation to:
 - 1) hearing and adjudicating on any disputes between the Centre's participants, the Centre's Bodies and/or their foreign employees;
 - 2) hearing and adjudicating on any disputes relating to operations carried out in the Centre and regulated by the law of the Centre;
 - 3) hearing and adjudicating on any disputes transferred to the Centre's court by agreement of the parties.
5. In its activities, the Centre's court shall be guided by the Resolution of the Council "On the Astana International Financial Centre's Court" which shall be based on the procedural principles of England and Wales and (or) standards of other leading global financial centres.

The Resolution of the Council "On the Astana International Financial Centre's Court" determines the composition of judges, methods of judges appointment and termination of their and other court's officials authorities, qualification requirements for judges and officials of the court and other matters related to the activity of the Centre's Court.
6. During the settlement of disputes, the Centre's court shall be guided by the acting law of the Centre and resolutions on particular disputes which have come into force, and the resolutions of other common-law countries which have come into force may be taken into account.
7. The resolutions of the court of appeal of the Centre's court are final and shall not be subject to appeal and mandatory for all individuals and legal entities.
8. The enforcement of the decisions of the Centre's court in the Republic of Kazakhstan shall be carried out in the same order and same terms and conditions as the enforcement of the decisions of other courts in the Republic of Kazakhstan. Thereat translation of the decisions of the Centre's court into the Kazakh or Russian languages shall be provided in the order defined by the Centre's Regulations.
9. The enforcement of the decisions of the courts of the Republic of Kazakhstan within the territory of the Centre shall be carried out in accordance with the laws of the Republic of Kazakhstan.
10. The Centre's court shall have exclusive jurisdiction on the interpretation of the Centre's Regulations.

Article 14. International Arbitration Centre

1. The International Arbitration Centre shall review disputes which the parties have agreed shall be settled by arbitration.
2. The International Arbitration Centre shall be established and act in accordance with the resolution of the Council “On the International Arbitration Centre”.
3. Recognition and enforcement of the resolutions of the International Arbitration Centre in the territory of the Republic of Kazakhstan shall be carried out in the same order and on the same terms and conditions as the recognition and enforcement of arbitration resolutions issued by arbitration courts in the Republic of Kazakhstan. Thereat translation of the decisions of the International Arbitration Centre into the Kazakh or Russian languages shall be provided in the order defined by the Centre’s Regulations.
4. Recognition and enforcement of the decisions of arbitration courts in the territory of the Centre shall be carried out in accordance with the legislation of the Republic of Kazakhstan.

Article 15. Language of the Centre

English shall be the official language the Centre used in all spheres of public relations of the Centre which are regulated by the Centre within the whole territory of the Centre.

Article 16. Language of the Centre’s Regulations

The Centre’s Regulations shall be developed and adopted in the English language. The Centre’s Regulations may be translated into the Kazakh and/or Russian language. The official translation of these Centre’s Regulations shall be produced by the Centre.

Article 17. Language of the documents filed in the Centre

Statistical, financial, technical and other documentation filed within the territory of the Centre shall be in the English language.

Article 18. Language when responding to the applications of individuals and legal entities

Responses of the Centre’s Bodies to the applications of individuals and legal entities, including other documents attached thereto shall be provided in English or in the language of the application if such application is made in the Kazakh or Russian language.

Article 19. Language of court proceedings

Court proceedings in the Centre shall be carried out in the English language, on the motion of the parties with a provision of translation into Kazakh or Russian languages.

Article 20. Language of transactions

1. All transactions of the Centre Participants documented in written form within the territory of the Center shall be documented in the English language if otherwise is not determined by the agreement of the parties.
2. Transactions documented in written form in which one of the parties is a Centre Participant shall be produced in the English or in the Kazakh or Russian languages.

Article 21. Transitional provisions

1. The Centre’s Regulations specified by article 3, paragraph 2 of Article 4, paragraph 3 of Article 5, Article 6, paragraph 4 of Article 7, Article 8, paragraph 3 of Article 9, paragraph 3

of Article 11, paragraph 5 of Article 13 and paragraph 2 of Article 14 of this Constitutional Law shall be developed and adopted by the Centre's Bodies within a period of two years from the date when this Constitutional Law comes into force.

Article 22. The order of enforcement of this Constitutional Law

1. This Constitutional Law shall come into force after 10 calendar days after the date of its first official publication, except for paragraph 5 of Article 7 of this Constitutional Law, which shall come into force from 1 January 2017. .
2. The Law of the Republic of Kazakhstan dated 5 June 2006 "On the Almaty Regional Financial Centre" shall be declared to be no longer in force (the Journal of the Parliament of the Republic of Kazakhstan, 2006, No. 10, Article. 51; 2007, No.17, Article 141; 2009, No.17, Article 81; 2010, No.5, Article 23; 2011, No.5, Article 43; No.11, Article 102; 2012, No.13, Article 91; No.21-22, Article 124; 2013, No.10-11, Article 56; 2014, No. 22, Article 128; No. 23, Article 143; 2015, No.8, Article 45).

President

of the Republic of Kazakhstan

N. Nazarbayev