

THE CONSTITUTIONAL LAW OF THE REPUBLIC OF KAZAKHSTAN

On Astana International Financial Centre

Article 1. Basic Terms Used in the Constitutional Law

The following basic terms shall be used in this Constitutional Law:

1) Astana International Financial Centre (hereinafter, the “Centre”) - a territory within the limits of the city of Astana, which has precisely defined boundaries determined by the President of the Republic of Kazakhstan, and where a special legal regime is in effect;

2) a stock exchange - a legal entity incorporated in the legal organisational form of a joint-stock company, which provides organisational and technical support for trading in financial instruments at the Centre;

3) the licensing - a set of actions related to the issue of a permit to carry out activity, which requires a license, in the territory of the Centre;

4) an act of the Centre - an official written document adopted by the authority of the Centre, which governs the relations arising between the Centre participants and (or) the Centre participants, and (or) their employees;

4) the Centre participants - legal entities registered in accordance with the valid law of the Centre, and other legal entities accredited by the Centre;

5) an employee of the Centre participant or Centre body - an individual who is in an employment relationship with the Centre participant or Centre body and whose responsibility is to implement the primary tasks and objectives of the Centre participant or Centre body;

6) members of the family of an employee of the Centre participant or Centre body - the spouse of an employee of the Centre participant or Centre body and their under legal age children.

Article 2. Purpose, Objectives and Principles of the Centre Activity and its Regulation

1. The purpose of the Centre shall be to establish a leading international financial services centre.

2. The objectives of the Centre shall be to:

1) assist in attracting investments into the economy of the Republic of Kazakhstan by creating an attractive environment for investing in the financial services;

2) develop the securities market of the Republic of Kazakhstan and ensure its integration with the international capital markets;

3) develop a market of insurance services, banking services and market of Islamic finance;

4) develop the financial and professional services based on the best international practices;

- 5) acquire the international recognition as a financial centre.
3. The Centre's activities shall be based on the following principles:
 - 1) effectiveness of the activities of the Centre participants;
 - 2) transparency of the Centre's activities and its participants;
 - 3) fair practice of the Centre participants;
 - 4) professionalism of the Centre participants in providing the financial services;
 - 5) application of the international standards and best international practices in the activities of the Centre participants.
4. The Centre shall be regulated in accordance with the principle of independence of the Centre and its participants.

Article 3. Activity Carried Out in the Territory of the Centre and its Participants

1. Requirements to the legal entities and procedure of accreditation thereof as the Centre participants, the types of activities allowed to be carried out at the Centre, the licensing procedure and requirements to the Centre participants as well as procedure for establishment and registration of legal entities in the territory of the Centre, their organisational legal forms shall be determined by the Management Council of the Centre.

2. The procedure of issue, placement, trading, redemption and repayment of the securities at the Centre shall be established by the Committee of the Centre for Regulation of the Financial Services.

The procedure of issue, placement, trading, redemption and repayment of other financial instruments, which are placed and (or) traded at the stock exchange shall be established by the stock exchange.

Article 4. The Governing Law of the Centre

1. The Governing Law of the Centre shall be based on the Constitution of the Republic of Kazakhstan and consist of:

- 1) this Constitutional Law;
- 2) the acts of the Centre adopted by the Centre bodies within the powers conferred by this Constitutional Act, which do not contradict this Constitutional Law and may be based on the principles, norms and cases of the law of England and Wales and (or) standards of the world leading financial centres;
- 3) the current law of the Republic of Kazakhstan, which applies insofar as it does not conflict with this Constitutional Law and the acts of the Centre.

2. The procedure for development, registration, enactment, publication, making amendments, supplements, as well as termination of the acts of the Centre shall be determined by resolutions of the Management Council of the Centre.

3. The bodies of the Centre shall have a right to adopt the acts that regulate:

- 1) civil law relations;
- 2) civil procedural relations;

3) financial relations; and
 4) administrative procedures
 arising between the Centre participants and (or) Centre bodies and (or) their employees.

The Centre bodies in cases explicitly provided by this Constitutional Law shall adopt the acts regulating the relations not covered by the first part of this paragraph.

To ensure the national interests of the Republic of Kazakhstan and eliminate conditions that may threaten the national security of the Republic of Kazakhstan, the acts adopted by the Centre may set certain restrictions for the Centre participants.

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

Article 5. Monetary Obligations of the Centre Participants and Currency Regulation

1. Monetary obligations of the Centre participants shall be denominated and executed in the currency specified in the contract.

2. Monetary liabilities of the stock exchange traders shall be denominated and executed in the currencies determined by the rules of the stock exchange.

3. Terms and procedure of foreign exchange transactions related to the provision of financial and professional services in the territory of the Centre shall be established by the Management Council of the Centre.

4. Currency regulation regimes established by the Law of the Republic of Kazakhstan “On Currency Regulation and Currency Control” shall not be applied to the foreign exchange transactions carried out by the Centre participants in its territory.

5. Acts of the Centre may establish requirements to the participants of the Centre concerning the submission of data on the transactions performed to the Committee of the Centre for Regulation of the Financial Services.

Article 6. Tax Regime in the Territory of the Centre

1. The tax regime in 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” (Tax Code), with exception for the exemptions set out in this Article.

2. The Centre bodies shall be exempt from corporate income tax up to 1 January 2066, provided that the conditions determined by the resolution of the Management Council of the Centre are observed.

3. The Centre participants shall be exempt from the corporate income tax till 1 January 2066 on income generated from provision of the following financial services in the territory of the Centre:

1) Islamic banking services;

- 2) reinsurance services and insurance broker services;
- 3) services of investment management for investment funds, their accounting and safe-keeping, as well as ensuring issue, placement, trading, repurchase and redemption of securities of the investment funds;
- 4) broker and (or) dealer services, underwriting services;
- 5) other financial services determined by the resolution of the Management Council of the Centre.

4. The Centre participants shall be exempt from payment of the corporate income tax till 1 January 2066 on income generated from legal, audit, accounting and consulting services provided to the Centre bodies as well as to the Centre participants that render services specified in paragraph 3 of this Article.

5. For the purposes of paragraphs 3 and 4 of this Article the procedure of separate accounting of revenues to be exempt from the corporate income tax and to be taxed, as well as expenses to be deducted shall be determined by a joint act of the Management Council of the Centre, the central authorised body for state planning and state body responsible for management in the area of tax receipts and other obligatory payments to the budget.

6. Foreigners who are the employees of the Centre participant or Centre body shall be exempt from payment of the personal income tax till 1 January 2066 on income generated from the activities at the Centre carried out under the employment contracts concluded with the Centre participant that provides the services stipulated by paragraphs 3 and 4 of this Article, or concluded with the Centre body.

7. Individuals and legal entities shall be exempt, till 1 January 2066, from the payment of individual and corporate income tax on income generated:

- 1) from increment in value from selling securities officially listed on the stock exchange as of the date of selling;
- 2) capital gains from the sale of shares of the participants that are legal entities registered in accordance with the valid law of the Centre, or from sale of interests in the charter capitals of the participants that are legal entities registered in accordance with the valid law of the Centre;
- 3) in the form of dividends and interest on securities officially listed on the stock exchange as of the date of accrual of such dividends or interest;
- 4) in the form of dividends on shares of the participants that are legal entities registered in accordance with the valid law of the Centre, or on the interests in the charter capitals of the participants that are legal entities registered in accordance with the valid law of the Centre.

8. The Centre bodies and Centre participants that provide the services stipulated by paragraphs 3 and 4 of this Article shall be exempt from payment of the property tax and land tax on the facilities located in the territory of the Centre.

9. Tax administration and interaction of the public revenue authorities with the Centre bodies and Centre participants on the matters of taxation of the Centre

bodies and Centre participants shall be determined by the joint acts of the Centre bodies and public revenue authorities.

Article 7. Visa Regime for the Foreigners and Stateless Persons

1. Foreigners and stateless persons arriving to the Republic of Kazakhstan to carry out activities at the Centre shall obtain an entry visa in the foreign offices of the Republic of Kazakhstan or upon arrival at the international airports of the Republic of Kazakhstan.

2. Foreigners and stateless persons who are the employees of the Centre participants or Centre bodies and members of their families shall obtain the entry visas valid for up to five years.

3. Visas for the persons specified in paragraphs 1 and 2 of this Article can be extended at the request of the Administration of the Centre without leaving by said persons the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan.

4. The terms and procedures of entry into the Republic of Kazakhstan and leaving the Republic of Kazakhstan for the foreigners and stateless persons arriving in the Republic of Kazakhstan to carry out activities at the Centre shall be determined by the Centre bodies as agreed with the respective government authorities of the Republic of Kazakhstan.

5. Citizens of the member states of the Organisation for Economic Cooperation and Development, the United Arab Emirates, Malaysia, the Republic of Singapore and the Principality of Monaco, as well as of the countries determined by the Government of the Republic of Kazakhstan shall be entitled to a visa-free entry for up to thirty calendar days from the date of entry into the territory of the Republic of Kazakhstan.

Article 8. Intake of Foreign Labour Force

1. The Centre participants and Centre bodies shall have a right to engage foreigners and stateless persons to carry out activities at the Centre without obtaining a permission.

The foreigners and stateless persons engaged by the Centre participants and Centre bodies shall be exempt from the obligation to obtain the work permits in the Republic of Kazakhstan.

2. The Centre participants and Centre bodies shall be obligated to have in place and keep for each engaged employee the documents confirming his/her high qualifications, while an engaged foreigner and stateless person shall be obligated to provide such documents to the Centre participant or Centre body.

The list of documents that confirm the high qualifications of a foreigner and stateless person shall be determined by the Committee of the Centre for Regulation of the Financial Services.

3. The Administration of the Centre shall keep records of the foreign labour force engaged by the Centre participants and Centre bodies. The Administration of the Centre shall submit information about the engaged foreigners and stateless persons to the authorised body responsible for population migration matters. The structure of the information submitted by the authorised body responsible for population migration matters, and frequency and procedure of its submission shall be determined by a joint act of the Centre and the authorised body responsible for population migration matters.

Article 9. Bodies of the Centre

1. The bodies of the Centre shall comprise:

- 1) the Management Council of the Centre;
- 2) the Administration of the Centre;
- 3) the Council of the Centre for Regulation of the Financial Services;
- 4) the Court of the Centre.

2. The bodies of the Centre, within the powers conferred by this Constitutional Law and acts of the Centre, shall be independent in their activities.

3. Organisation and procedure of exercising control and supervision over the activities of the Centre participants shall be determined by this Constitutional Law and acts of the Centre.

Article 10. The Centre Management Council

1. The Management Council of the Centre (hereinafter, the “Council”) shall be a permanent collegial body headed by the President of the Republic of Kazakhstan.

2. The key tasks of the Council shall be to determine the strategic directions of the Centre development and promote creation of favourable conditions for establishment of a leading international financial services centre.

3. The Council shall have the following powers:

- 1) to determine the development strategy of the Centre;
- 2) to approve the annual report on the activities of the Centre;
- 3) to adopt the acts of the Centre in the form of resolutions on the matters that this Constitutional Law refers to its competence, within the limits provided for by paragraph 3 of Article 4 of the Constitutional Law;

4) to determine the structure of the bodies of the Centre;

5) to appoint the management of the Committee of the Centre for Regulation of the Financial Services;

6) to make decisions on the establishment of other bodies for the purpose of the Centre and determine their forms, competencies and functions, as well as their abolition or reorganisation;

7) to have other powers determined by the Statute of the Council.

4. The Statute of the Council and its structure shall be approved by the President of the Republic of Kazakhstan.

Article 11. Administration of the Centre

1. The Administration of the Centre shall be a joint-stock company established by the National Bank of the Republic of Kazakhstan, which provides conditions for the activities of the Centre bodies and Centre participants and their employees and represents their interests within its competence.

2. The Administration of the Centre shall have its own budget formed at the expense of the funds of the National Bank of the Republic of Kazakhstan, duties and charges paid by the Centre participants.

The Administration of the Centre shall have a right to establish legal entities in the territory of the Centre and acquire shares (interests in the charter capitals) of the legal entities registered in the territory of the Centre, without obtaining the consent of the state bodies of the Republic of Kazakhstan.

3. The management body of the Administration of the Centre shall be the Board of Directors. The day-to-day operations of the Administration of the Centre shall be managed by the Management Board headed by the Chairman.

The powers of the general meeting of shareholders (the sole shareholder), the Board of Directors and Management Board, the number of members of the Board of Directors and Management Board, procedure for their election and term of the powers of their members and procedure for determining the amount of compensation of the members of the Board of Directors and Management Board shall be determined by the Council.

4. The Administration of the Centre shall have the following powers:

1) as agreed with the Committee of the Centre for Regulation of the Financial Services - to make proposals to the Council concerning determination of the development strategy of the Centre, except for regulation of the financial services and financial services-related activities at the Centre;

2) to report to the Council about implementation of the approved strategy of the Centre development and submit to the Council an annual report on the activities of the Centre for approval;

3) to take measures with regard to the Centre participants on the grounds and in accordance with the procedure determined by the Council;

4) to draft resolutions of the Council, agree on the drafts with the Committee of the Centre for Regulation of the Financial Services, submit thereof for the public discussion and provide to the Council for approval;

5) to adopt the acts in the form of regulations on the matters not related to the regulation of the financial services and financial services-related activities at the Centre;

6) to prepare and approve the annual and mid-term budgets of the Centre;

7) to make proposals to the Council concerning establishment of the subsidiary bodies and other bodies required for the purposes of the Centre, their abolition or reorganisation;

8) to establish and ensure development of relations with other international and regional financial centres, development institutions and other organisations to achieve the objectives of the Centre and arrange its operations, and to this end shall enter into any agreements and contracts, except for those falling within the powers of other bodies of the Centre;

9) to provide assistance in obtaining visas to the employees of the Centre participants or Centre bodies and in recruitment of the labour force by the Centre participants;

10) shall have other powers determined by resolutions of the Council.

Article 12. The Committee of the Centre for Regulation of the Financial Services

1. The Committee of the Centre for Regulation of the Financial Services shall be a legal entity exercising regulation of the financial services and financial services-related activities at the Centre.

2. The Committee shall have its own budget, formed at the expense generated by the National Bank of the Republic of Kazakhstan, duties and charges paid by the Centre participants.

3. The Committee of the Centre for Regulation of the Financial Services shall:

1) draft resolutions of the Council concerning regulation of financial services and financial services-related activities at the Centre, submit the drafts for public discussion and provide thereof to the Council for approval;

2) adopt the acts in the form of regulations on the matters related to the regulation of financial services and financial services-related activities at the Centre;

3) carry out registration, accreditation and licensing of the Centre participants in accordance with the procedure determined by the Council;

4) maintain a register of the Centre participants;

5) exercise control and supervision over activities of the Centre participants and take measures with regard to them on the grounds and in accordance with the procedure determined by the Council;

6) have other powers determined by the resolutions of the Council.

Article 13. The Court of the Centre

1. Judicial examination of the disputes stipulated in paragraph 4 of this Article shall be performed only by the Court of the Centre, which aim is to protect the rights, freedoms and legitimate interests of the parties and enforce the valid law of the Centre.

2. The Court of the Centre shall be independent in its activity and shall not be a part of the judicial system of the Republic of Kazakhstan.

3. The Court of the Centre shall consist of two instances: the Court of First Instance and the Court of Appeal.

4. The Court of the Centre shall not exercise criminal and administrative proceedings and shall have exclusive jurisdiction in respect of:

1) examination and resolution of disputes arising between the Centre participants, Centre bodies and (or) their foreign employees;

2) examination and resolution of disputes related to any operation carried out at the Centre and subject to the governing law of the Centre;

3) examination and resolution of disputes submitted to the Court of the Centre as agreed by the parties.

5. The Court of the Centre shall be governed in its activity by the Resolution of the Council “On the Court of Astana International Financial Centre”, which should be based on the procedural principles and norms of England and Wales and (or) standards of the world leading financial centres.

The Resolution of the Council “On the Court of Astana International Financial Centre” shall determine the composition of the Court, the procedure of appointment and dismissal of judges and other court officials, qualification requirements to the judges and court officials, and other matters related to the functioning of the Court of the Centre.

6. The Court of the Centre, while resolving the disputes, shall be guided by the governing law of the Centre, and may also take into account the final judgments of the Court of the Centre related to specific disputes and final judgments of other courts of common law jurisdictions.

7. The decisions of the Court of Appeal of the Centre shall be final, without appeal and binding on all individuals and legal entities.

8. The decisions of the Court of the Centre shall be enforced in the Republic of Kazakhstan in accordance with the same procedures and on the same terms as the decisions of the courts of the Republic of Kazakhstan. In this case, it shall be required to provide translation of the decisions of the Court of the Centre into the Kazakh language or Russian language, in accordance with the procedure determined by the acts of the Centre.

9. Decisions of the courts of the Republic of Kazakhstan shall be enforced in the territory of the Centre in accordance with the legislation of the Republic of Kazakhstan.

10. The Court of the Centre shall have the exclusive jurisdiction to interpret the rules of the acts adopted by the Centre.

Article 14. The International Arbitration Centre

1. The International Arbitration Centre shall consider the disputes if the parties have signed an arbitration agreement.

2. The International Arbitration Centre shall be established and operate in accordance with the Resolution of the Council “On the International Arbitration Centre.”

3. Decisions of the International Arbitration Centre of the Republic of Kazakhstan shall be recognised and enforced in accordance with the same procedure and on the same terms as the recognition and enforcement of the arbitral decisions made by arbitration courts in the Republic of Kazakhstan. In this case, it shall be required to provide translation of the decisions of the International Arbitration Centre into the Kazakh language or Russian language in accordance with the procedure determined by the acts adopted by the Centre.

4. Arbitral decisions of the arbitration courts shall be recognised and enforced in the territory of the Centre in accordance with the legislation of the Republic of Kazakhstan.

Article 15. The Language of the Centre

The official language of the Centre shall be the English language, which is used in all areas of public relations regulated by the Centre throughout the Centre.

Article 16. The Language of the Acts of the Centre

The acts of the Centre shall be drafted and adopted in the English language. It shall be allowed to translate the acts of the Centre into the Kazakh language or Russian language. The official translation of such acts shall be made by the Centre.

Article 17. The Documentation Language

The statistical, financial, technical and other documentation in the territory of the Centre shall be maintained in the English language.

Article 18. The Language of Responses to the Appeals of the Individuals and Legal Entities

Responses of the Centre bodies to the appeals of individuals and legal entities, including the documents attached thereto, shall be set out in the English language or the language of an appeal, provided that the language of an appeal is the Kazakh language or Russian language.

Article 19. The Language of the Court Proceedings

Court proceedings at the Centre shall be conducted in the English language, on the motion of the parties, with translation into the Kazakh language or Russian language.

Article 20. The Language of Transactions

1. All transactions of the Centre committed in writing in the territory of the Centre shall be set out in the English language, unless otherwise determined by agreement of the parties.

2. Transactions in which one of the parties is the Centre participant, committed in writing, shall be set out in the English language, or in the Kazakh language or in the Russian language.

Article 21. Transitional Provisions

The acts of the Centre referred to in 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 the Constitutional Law should be developed and adopted by the Centre bodies within two years from the date of entry into force of this Constitutional Act.

Article 22. Procedure of Entry into force of this Constitutional Act

1. This Constitutional Law shall come into force after ten calendar days after the date of its first official publication, with the exception of paragraph 5 of Article 7, which will come into force effective from 1 January 2017.

2. To declare invalid the Law of the Republic of Kazakhstan dated 5 June 2006 “On the Regional Financial Centre of the City of Almaty” (Bulletin 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; Nos. 21-22, Article 124; 2013, Nos. 10-11, Article 56; 2014, No. 22, Article 128; No. 23, Article 143; 2015, No.8, Article 45).

The President of the Republic of Kazakhstan