



## CORPORATE ISSUES

INDUSTRY AND LEGAL UPDATE

**KALIKOVA &**  
ASSOCIATES  
*law firm*

*Information for effective business solutions*

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### Industry Update

December 23, 2015

#### Centerra Gold fell 5.5% in Toronto

Centerra Gold fell 5.5% in Toronto after Kyrgyzstan's government said it had stopped talks on restructuring the joint Kumtor project. This was reported by SeekingAlpha.com, a website sharing information of gold stocks, mining companies and prices.

<http://kabar.kg/rus/economics/full/100382>

December 22, 2015

#### Kyrgyzaltyn OJSC: Kyrgyzstan's stake in Centerra may decrease due to issue of additional shares

Kyrgyzstan's stake in Centerra may decrease due to the issue of additional shares, Kyrgyzaltyn's press service reported.

It also reported that on December 17, 2015 it received a letter from Centerra Gold Company informing that the Board of Directors of the company held an extraordinary meeting which approved a resolution to issue approximately 4.6 ml. treasury shares.

<http://kabar.kg/rus/economics/full/100321>

December 8, 2015

### Legal Update

December 29, 2015

#### Prime Minister T. Sariev signed resolution approving creation of State Insurance Organization OJSC

On December 28, Kyrgyzstan's Prime Minister Temir Sariev signed the KR Government Resolution approving the creation of the State Insurance Organization open joint-stock company.

The purpose of the State Insurance Organization is to create economic environment for reimbursement of losses resulting from damage or destruction of residential premises by fire or natural disasters.

The founder of the State Insurance Organization is the State Property Management Fund (SPMF) under the Government of the KR. The amount of its charter capital is KGS 50 ml. divided into 500,000 ordinary shares.

By the said resolution, SPMF is instructed to appoint the governing and supervisory bodies and to approve the charter of the State Insurance Organization in coordination with the State Supervisory Authority for Securities Market under the Government of the KR.

In addition, SPMF is instructed to address jointly with the Executive Offices of the President and the Government the issue of locating the State Insurance Organization in a state administrative building in Bishkek which should be provided for use free of charge with payment of utility bills and maintenance costs only.

## **Temir Sariev: Next year, Megacom and Kara-Keche coal deposit will be put out to tender**

Next year, Alpha Telecom CJSC and Kara-Keche coal deposit will be put out to tender. This was reported by Prime Minister Temir Sariev at the Government meeting devoted to the consideration of the draft budget for 2016.

According to him, in 2016, the Government will hold a tender for two major assets: Alpha Telecom CJSC and Kara-Keche coal deposit involving the construction of a thermal power station and a railway line thereto.

«This will be the project of the century. It will create more than 1,000 jobs. Perhaps, the state won't generate significant revenue, but it will benefit from meaningful social payments. This wide-scale project will ensure the reliable supply of electricity and coal and the new railway line, T Sariev added.

<http://kabar.kg/rus/economics/full/99820>

November 16, 2015

## **Turkish İş Bankası considers setting up its branch office in Kyrgyzstan**

A Turkey-based bank, İş Bankası, is considering setting up its branch office in Kyrgyzstan. This was reported during the meeting between R Tuleberdiev, Counsel General and Yilmaz Erturk Deputy CEO of İş Bankası.

According to press-service of the Ministry of Foreign Affairs of the KR, the meeting was initiated by the Consulate General to facilitate international contacts, promote foreign investment into Kyrgyzstan and share information on investment climate and investor protection in the KR.

At the meeting, the Consulate General's representatives delivered a detailed presentation on the economic situation in the country, Kyrgyzstan's entry into the EAEU, banking sector financial policy, legal framework for foreign investor protection, low tax rates and ease of doing business in Kyrgyzstan.

In their turn, İş Bankası's representatives informed that the management of the bank was considering to set up a branch or representative office in Kyrgyzstan.

<http://kabar.kg/rus/economics/full/98932>

This resolution becomes effective on the 15th day from the date of official publication.

<http://kabar.kg/rus/economics/full/100527>

December 8, 2015

## **Financial Supervisory Authority offers to issue gold-backed bonds**

Financial Supervisory Authority under the Government of the KR introduced for public debate the draft resolution of the Government approving amendments to the Government Resolution approving the Regulation on Issuance of Bonds in the Kyrgyz Republic of June 1, 2011 N 275.

The draft outlines conditions for issuance of gold-backed bonds. Gold-backed bonds refer to freely-negotiable registered bonds with adjustable par value tied to a gold fix and certifying the right of their owners to receive gold bars from the issuer with the weight determined by the issuer at the time of their issuance or to receive the value of their gold bars.

According to explanatory notes to the draft, the issuance of gold-backed negotiable instruments will help attract investment without the export of gold. It is expected to be a new attractive method of selling gold in the domestic market. Commercial banks will have the opportunity to offer and take loans secured by gold in global financial markets. Jewelry companies will have access to precious metals in the domestic market at more affordable price and will facilitate the export of precious metal products to foreign countries. The general public will have the opportunity to invest in gold and benefit from better protection of their savings.

<http://www.gov.kg/?p=67997&lang=ru>

November 27, 2015

## **Financial Supervisory Authority proposes amendments introducing requirements relating to bonds of business entities and corporate governance code**

The respective bill proposing amendments to some legal acts of the KR such as Business Partnerships and Companies Act, Joint-Stock Companies Act, Securities Market Act, is pending in the Parliament.

The proposed amendments refer to the code of corporate governance in joint-stock companies and

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November 14, 2015

## **Oleg Pankratov: Creation of energy holding company will help minimize corrupt practices in energy sector**

The creation of an energy holding company will help minimize corrupt practices in the energy sector. This was announced by the KR Vice Prime Minister Oleg Pankratov at the meeting of the heads of ministries and agencies devoted to the creation of the National Energy Holding Company the Information Department of the Executive Office of the Government of the KR reported.

«According to the new structure of the Kyrgyz Government, the energy holding company will be created within the structure of the Ministry of Energy and Industry and will be the only operator responsible for the management and development of the country's energy sector. A step-by-step plan for the creation of the National Energy Holding Company has been developed and needs discussion to receive comments and recommendations. Efforts to organize the Energy Holding Company should be accelerated since the energy sector is strategically important and should remain under control, he added.

During the meeting, O. Pankratov mentioned that the work to create the institutional and legal framework for the National Energy Holding Company should be completed by January 1, 2016.

«The creation of the Energy Holding Company will help facilitate the efficient and mobile management of the sector and reduce financial burden and corrupt practices, and promote projects aimed to improve energy security of the republic», Vice Prime Minister stressed.

<http://kabar.kg/rus/economics/full/98866>

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limited liability companies. The code sets out a number of requirements for such companies such as maintaining a loss-free operation; maintaining continuity of operations; maintaining financial performance indicators; and maintaining clear corporate governance structure. The proposed amendments to the Securities Market Act require bond issuers to provide necessary documents evidencing their compliance with the requirements set out in the bill.

These amendments are aimed to protect investment into debt securities by toughening requirements for issuers and creating additional mechanisms for protection of security holders.

<http://kenesh.kg/lawprojects/lps.aspx?view=projectinfo&id=238723>

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November 17, 2015

## **Financial Supervisory Authority proposes new minimum capital requirements for insurance companies**

The Financial Supervisory Authority under the Government of the KR proposes for public debate the draft resolution of the Government approving minimum charter capital requirements for insurance (reinsurance) companies and brokers.

The new minimum capital requirements range from KGS 30 ml. to KGS 300 ml. for insurance and reinsurance companies and KGS 1 ml. for insurance brokers.

According to explanatory notes, the proposed bill purports to enhance financial sustainability of insurance and reinsurance companies and brokers, to promote safety and security of insurance services market and to improve public trust in insurance and reinsurance companies and brokers.

<http://www.gov.kg/?p=67076&lang=ru>

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