



CORPORATE ISSUES

INDUSTRY AND LEGAL UPDATE

KALIKOVA &
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law firm

Information for effective business solutions

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Industry Update

April 2, 2013

Bakai Bank announces new appointments to Board of Directors

On March 28, 2013, the general meeting of shareholders of the bank announced the following appointments to the Board of Directors: S. Ibragimov, R. Nurmatov, G. Atanova, M. Myrzabaeva, N. Lozitskaya.

April 1, 2013

Ministry of Finance announces waiver of dividends from Electric Stations company

As earlier reported by minister of finance Olga Lavrova, in 2013 the ministry expects to receive less dividends from the energy sector because of its being in the difficult financial situation. The government decided to waive dividends from Electric Stations company starting from 2013. According to Prime Minister Jantoro Satybaldiev, «From 2013, dividends of this company will be used not to refill the state budget reserves but to upgrade the outdated equipment. It is unreasonable to demand any proceeds from the company which requires renovation itself».

April 1, 2013

2013 state budget revenue expects dividends inflow from companies with state participation

2013 state budget revenue expects an inflow of

Legal Update

March 22, 2013

Law-enforcement authorities of Kyrgyzstan to impose liability for insider trading

It was announced in the consolidated anticorruption report for 2012, published by the Anticorruption Business Council, that as proposed by the State Financial Intelligence Agency, under the Law of the KR «On amendments and modifications to some legislative acts of the Kyrgyz Republic» of August 10, 2012 No. 164, the KR Criminal Code was complemented with a new article: «Article 194-1. Insider Trading in Securities Market».

According to the Government's anticorruption action plan 2012-2014, a number of state authorities (SFIA, General Prosecutor's Office, and NBKR) (as agreed), were instructed to legally provide for and impose liability for insider trading.

Thus, by the said action plan the General Prosecutor's Office is tasked with the development of the draft law on making amendments and modifications to the KR Criminal Code imposing liability for insider trading.

The General Prosecutor's Office noted that the Law «On amendments and modifications to some legislative acts» of August 10, 2012 introduced amendments and modifications to the KR Criminal Code imposing criminal liability for insider trading, specifically Article 194-1 (insider trading in securities market) of the KR Criminal Code.

In June 2012, the State Financial Market Supervision and Regulation Authority approved

1 billion 462.5 million KGS as dividends on state shares.

March 13, 2013

Gazprom to finalize privatization of Kyrgyzgas in April 2013

The process of privatization of Kyrgyzgas by Gazprom continues as scheduled and is supposed to end in April 2013. This was announced by Kyrgyzgas' Deputy General Director Kuralbek Naskeev. Kyrgyz President Almazbek Atambaev set 3 conditions to Gazprom for privatization of Kyrgyzgas. First, natural gas in our republic should be available all year round without interruption. Second, it should be cheaper than the one we currently buy from Kazakhstan and Uzbekistan, and third, Gazprom should invest \$500ml. in the development of Kyrgyzgas infrastructure, he said.

March 12, 2013

Government intends to give legal entity status to RPU, but to retain it in Kyrgyztelecom

The Government intends to give a legal entity status to Republican Production Union of radio-relay trunk lines, TV and radio-broadcasting (RPU) but to retain it in Kyrgyztelecom. This was announced by Vice Prime Minister for Economic and Investment Policy Taiyrbek Sarpashev at the meeting of the Parliamentary committee on transport, communications, architecture and construction policy on March 12.

March 11, 2013

Manas International Airport announces new appointments to its senior management team

On March 7, 2013, Manas International Airport announced new appointments to its senior management team, namely: CEO – president – Ibraimov Albek; first vice president – Mamyrov Nurlan; vice president of production management – Busurmankulov Abdimalik ; vice president of economy and optimization – Karymbaev Emil; vice president of investment development and international cooperation – Tokobaev Dair.

without reservations the draft law «On amendments and modifications to some legislative acts of the Kyrgyz Republic» submitted by the State Financial Intelligence Agency. This draft law, among other things, proposes to complement the KR Criminal Code with Article 194-1 «Insider Trading in Securities Market» imposing punishment for insider trading.

The said draft law was enacted by the Parliament on June 28, 2012 and signed into law by the President on August 10, 2012.

March 15, 2013

The negotiations re the text of the intergovernmental agreement for privatization of Kyrgyzgas by Gazprom are in process

We are in the process of negotiating the text of the intergovernmental agreement with the Russian side which we should sign and ratify. This was announced by First Vice Prime Minister Dj. Otorbaev on March 14, 2013 when commenting on the issue of privatization of Kyrgyzgas by Russian company Gazprom.

As earlier reported by the Deputy General Director of Kyrgyzgas Kuralbek Naskeev, the process of privatization of Kyrgyzgas by Gazprom is going on as scheduled and will end supposedly in April 2013.

Background:

In his interview to Tazabek and AKIpress Prime Minister Jantoro Satybaldiev informed that Kyrgyzstan wanted to sell Kyrgyzgas to a strategic partner. The Russian side promises that the Kyrgyz Republic will always have gas without interruption. Now experts are working and are almost at the completion stage.

«We don't need Kyrgyzgas in Kyrgyzstan, we need gas in Kyrgyzstan», this was said by President Almazbek Atambaev, when commenting on the issue of sale of the company to Gazprom.

By April 1, 2013, the issue of privatization of Kyrgyzgas by Russian company Gazprom will be finalized, Kyrgyzgas General Director Turgunbek Kulmurzaev said at the press-conference on December 21.

«Conditions are as follows: Gazprom is ready to buy out the whole stake even from the private shareholders», T. Kulmurzaev said.

March 11, 2013

Second auction for sale of 75% shares in Kyrgyzmobilecompany to be held on April 19

The second auction for sale of 75% shares in Kyrgyzmobilecompany will be held on April 19, 2013.

February 21, 2013

KICB announces acquisition of London-Bishkek Insurance Company

Kyrgyz Investment and Credit Bank (KICB) and London Bishkek Insurance Company signed a share purchase agreement. Thus, KICB became a 100% shareholder of the company and entered Kyrgyzstan's insurance market.

KICB and other shareholders will help London-Bishkek Insurance Company to increase its authorized capital up to 80 million KGS, thus making the company the biggest stakeholder in the Kyrgyz insurance market.

February 20, 2013

State Communications Agency's Director A. Kadyrkulov offers to sell 100% shares in Kyrgyzmobilecompany rather than 75%

State Communications Agency's Director Almaz Kadyrkulov offered to sell 100% shares in Kyrgyzmobilecompany rather than 75%. «Any governmental presence scares away investors. If 100% shares are reserved for the private sector, the company will be sold at once», he said.

February 19, 2013

Zalkar Bank announces the removal of SPF's Director A. Osmonaliev from the Board of Directors

Zalkar Bank's shareholders decided to remove Asankulova Maya and Osmonaliev Aibek from the Board of Directors at their request from February 14, 2013. A. Osmonaliev is the director of the State Property Fund. M.

February 21, 2013

The draft law «On amendments and modifications to the Law "On state registration of legal entities, branches (representative offices)"» has passed its first reading (Parliament Resolution of February 21, 2013 N 2801-V).

After the first reading, the KR Parliament passed the draft law requiring all legal entities, branches (representative offices) to use in their names in state or official languages only the letters of the Kyrgyz or Russian alphabet respectively. The legal entities, branches (representative offices) registered (re-registered) before entry into force of this law and whose names contain the letters or hieroglyphs of other alphabets reserve the right to use their names upon re-registration.

February 21, 2013

National Bank offers for public discussion the draft regulation on government securities transactions

The National Bank offers for public discussion the draft regulation «On procedure for placement, second offer, additional placement, buy-back and making settlements with government securities via the National Bank». This was announced by the National Bank press service on February 20.

February 21, 2013

National Bank: Shareholder possessing more than 20% of voting shares of the bank must stop influence on the bank's governance or policy

The National Bank offers for public discussion the draft amendments and modifications to the National Bank Executive Board's resolution «On approval of the Regulation on Licensing of Banks». This was announced by the bank press service on February 21.

This regulation is registered with the Ministry of Justice on April 7, 2006. According to the regulation, the person, which became the shareholder of a bank due to various property alienation transactions, court order, universal succession directly or indirectly by the major

Asankulova was appointed as the member of the Board of Directors on January 22, 2012.

February 19, 2013

Another auction for 100% shares in Crystal plant is canceled due to lack of bids

Public auction for Tash Kumyr semiconductor materials factory of Crystal company scheduled for February 19, 2013, is announced canceled.

February 13, 2013

In 2012, Financial Supervisory Authority initiated 50 administrative cases on charges of securities law violation.

These administrative proceedings have resulted in the imposition of administrative penalties worth 374.5 thousand KGS. Thus, 84% of the imposed administrative fines are attributable to violation of public disclosure requirements, and the rest 16% - to violation of other terms and conditions related to general shareholders meetings, execution, perfection and registration of securities transactions and payment of dividends.

February 1, 2013

Severelectro OJSC offers to consolidate all energy companies in the republic into three: Electric Stations OJSC, NESK OJSC, REC OJSC by 2016

Severelectro OJSC offers to carry out the consolidation of the Kyrgyz distribution companies in two stages. According to Severelectro Board of Directors Chairman Saparbek Argymbaev, during the first stage, in 2013-2014, Severelectro and Vostokelectro will be consolidated into Severelectro, and Oshelectro and Jalalabatelectro will be consolidated into Yugelectro. During the second stage, Severelectro and Yugelectro will be consolidated into one company, REC OJSC.

January 31, 2013

Government offers to leave one of

participant of the bank or owner (including under the trust agreement) over more than 20% voting shares of the bank or controlling person of the bank, must stop influence on the bank's governance or policy (including direct or indirect exercise of the right to vote) and must reduce his participation in the authorized capital of the bank to the level lower than the one representing the major participation or control, within 30 calendar days.

Irrespective of the position in the commercial bank, the National Bank's approval is required also for any persons who determine the policy of the bank or have authority to participate or actually participate in the major transactions of the bank, forming the policy of the bank or similar to them because of their functional duties, irrespective of whether they are working on a paid or non-paid basis.

February 1, 2013

Government instructs SPF to initiate extraordinary meeting of shareholders of Centerra Gold Inc.

The Government instructed the State Property Fund and Kyrgyzaltyn to initiate the extraordinary meeting of shareholders of Centerra Gold Inc. and to familiarize them with the findings of the State Committee and clarify to them Kyrgyzstan's position and an issue of further development of Kumtor project. This was stated in the Government resolution «On findings of the State Committee for checking and examining Kumtor Operating Company's compliance with standards and requirements for rational use of natural resources, environmental protection, productions process safety and social protection of population».

January 18, 2013

Ministry of Justice offers to streamline the process of registration of legal entities

The Ministry of Justice submitted to the Parliament the draft law «On amendments and modifications to the Law «On state registration of legal entities, branches (representative offices)».

According to the agency, there have been many cases lately where the created (renamed) legal entities, branches (representative offices) use in their names the letters of the Latin alphabet. For example, the Single State Registry of Legal Entities, Branches (Representative Offices)

the companies: Kumtor Operating Company or Kumtor Gold Company to cut costs

Centerra Gold Inc. has two companies operating currently in Kyrgyzstan: Kumtor Operating Company and Kumtor Gold Company. KR Government offers to leave only one company to cut costs. This was announced by minister of economy Temir Sariev on January 31 during his national television interview.

January 21, 2013

Kyrgyz National Bank's senior management team

As of January 16, 2013, the Kyrgyz National Bank announced the following senior management team members: Chairman of the Executive Board – Asankojoeva Zina Mukaevna; Deputy Chairman of the Executive Board –Chokoev Zair Lenarovich; Deputy Chairman of the Executive Board –Abdybalytegin Suerkul; Deputy Chairman of the Executive Board –Jeenbaeva Baktygul Janybekovna; Member of the Executive Board – Alybaeva Saltanat Kurulusbekovna; Member of the Executive Board – Sadyrkulova Aijan Medetovna; Member of the Executive Board – Djusupov Timur Djolchuevich.

January 21, 2013

Kyrgyzstan Commercial Bank announces changes to the Executive Board and the Board of Directors

On January 21, 2013, Ilebaev Nurdin Emilievich was appointed as Kyrgyzstan Commercial Bank OJSC's Executive Board chairman. Kachkeev Muras Rysbekovich was appointed as Kyrgyzstan Commercial Bank OJSC's Board of Directors chairman.

contains such names as DEM LOGISTIC LLC, AKSDOM, DEVNILOX PVT.LTD., ITB Management Limited, etc. In practice, there are cases when the founders want to use in the names of their entities the letters or hieroglyphs of other rarely used alphabets (Turkish, Chinese, Kazakh, etc.), which causes certain problems related to their indication in the order or certificate of state registration», the Ministry of Justice reports.

The agency reports that this draft law is prepared for the purposes of streamlining the process of registration of legal entities.

This draft law proposes to amend Article 6.3 of the Law «On state registration of legal entities, branches (representative offices)», to include a requirement according to which the created (renamed) legal entity, branch (representative office) must use in its name in the state or official languages only the letters of the Kyrgyz or Russian alphabet.

According to the draft law, the companies registered (re-registered) before the introduction of the law and whose names contain the letters or hieroglyphs of other alphabets shall preserve the right to use such name upon state re-registration.

The agency also informed that having analyzed the current norms of the national and international laws, it concludes that the norms of the draft law do not contradict the current legal acts and the draft law is not subject to regulatory impact analysis since it is not aimed at regulating business activity.



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The sources of news contained in the Update are websites: www.tazabek.kg, www.knews.kg, www.gov.kg, www.fsa.kg, www.24.kg, www.kse.kg, www.akipress.kg

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