



## CORPORATE ISSUES

INDUSTRY AND LEGAL UPDATE

**KALIKOVA  
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*Information for effective business solutions*

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### Industry Update

22 April 2014

#### **Electric Stations explain reasons for pledging Bishkek CHPP and Kambarata HPP-2**

Kambarata HPP-2 is pledged to the Ministry of Finance, while Bishkek CHPP is pledged to the Eurasian Development Bank.

All necessary corporate and state authorizations for pledging the above assets were obtained by Electric Stations as required by law. Electric Stations have to borrow loans to finance fuel purchases or repairs, etc., in order to ensure uninterrupted power generation under conditions of large budget deficit and high cost of power generated at Bishkek CHPP, reported the company.

18 April 2014

#### **State Property Fund optimizes registry of enterprises and joint-stock companies with state participation**

This was reported by Aibek Osmonaliev, head of the authority, at the meeting of the SDPK. At the moment, there are 225 state enterprises, and we will keep optimizing the registry, noted the official.

18 April 2014

**SDPK parliamentary faction**

### Legal Update

8 April 2014

#### **Parliamentary committee approves bill proposing new state property privatization methods**

Tazabek – The Parliamentary committee on economic and fiscal policy approved a bill proposing amendments to the Kyrgyz privatization act at its meeting of April 8, 2014. The bill is meant to improve a mechanism for selling state property, to introduce new privatization methods that meet the realities of the modern world and market principles.

Along with editing and clarifying amendments, the bill proposes the new privatization methods intended to expand options for selling state property and allowing the sale of shares of state companies at the stock market and the exchange of state property for private property.

To ensure transparency, the bill proposes to introduce provisions allowing to sell state property electronically, to include additional disclosure requirements, and to specify the time limits for paying the value of the acquired property.

Also, in accordance with Kyrgyz joint-stock companies and business partnerships and companies acts, the bill proposes to introduce provisions allowing to sell state shares to other shareholders by virtue of their preemptive rights, etc.

28 March 2014

## **discusses activities of Kyrgyztamekisi state corporation**

According to Adylbek Kasymaliev, deputy minister of economy, the state shareholding in the enterprise is 98.9 %.

Kyrgyztamekisi assets include Oshzhibek and Kyzyl-Kia fermentation plants. The profit of the enterprise in 2012 did not exceed 200 thousand KGS.

A number of MPs proposed to liquidate the enterprise.

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10 April 2014

## **Kyrgyzstan and Russia sign agreement to transfer 100% ownership of Kyrgyzgas to Russian Gazprom**

Tazabek – Kyrgyzstan’s and Russia’s representatives signed the agreement on transfer of KyrgyzgasProm LLC (an owner of 100% of Kyrgyzgas) to Russian Gazprom on April 10, 2014 in Ala-Archa state residency.

Aleksei Miller, CEO of Gazprom, signed the agreement on behalf of the Russian side, while Turgunbek Kulmurzaev, General Director of Kyrgyzgas, signed the agreement on behalf of the Kyrgyz side.

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3 April 2014

## **Kyrgyz Government decides to privatize 98.46% state shareholding in TNK Dastan through investment tendering**

This was reported by the Kyrgyz State Property Fund.

According to the agency, the corresponding order was signed by Prime Minister Jantoro Satybaldiev on March 19.

The agency informed that in the nearest future, they would announce a tender to select appraisal service companies to evaluate the state shareholding.

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2 April 2014

## **State Property Fund-appointed Boards of Directors of state companies estimated as formal**

This opinion was voiced by Andrew Zalepo, an expert of Standart KG independent rating agency. According to him, in 90% of companies

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## **Government approves amendments to bankruptcy act**

Tazabek – The Government approved a bill proposing amendments to the Kyrgyz bankruptcy act. The corresponding resolution was signed by Prime Minister Jantoro Satybaldiev on March 17.

The bill proposes amendments related to bankruptcy costs, liquidation estate, asset insufficiency, special administration procedure, administrator, creditors’ meetings, asset sale, liquidation period, etc.

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13 March 2014

## **Parliament considers amendments to business partnerships and companies act**

Tazabek – The bill proposing amendments to the Kyrgyz business partnerships and companies act had its first reading in Parliament on March 13, 2014.

According to the opinion of the parliamentary committee on economic and fiscal policy, this bill is intended to remove contradictions in the act by bringing it into compliance with the Civil Code and removing the articles reiterated in other acts of similar legal effect.

Thus, the bill proposes to remove provisions from the business partnerships and companies act with respect to the establishment and legal status of joint-stock companies, as well as rights and obligations of their shareholders, as they are already regulated by the Kyrgyz joint-stock companies act.

Also, the bill proposes to bring the commercial secret, minimum charter capital and executive body requirements into compliance with the provisions of the Civil Code.

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11 March 2014

## **State Antimonopoly Agency expands regional registries of natural and permitted monopolies**

Tazabek – The State Antimonopoly Agency expanded the state regional registries of natural and permitted monopolies on January 20, 2014. The corresponding order was signed by the head of the agency Babyrbek Djeenbekov.

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with predominant state shareholding, the boards are elected by the State Property Fund and are formal. The boards exist because of legal requirements. The members of these boards refrain from taking active steps for fear of persecution. There are, of course, exceptions to this list, but in general, they are average people. It's not their fault, that's just the way it is, said the expert.

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26 March 2014

### **Government liquidates Ala-Too Finance Microcredit Agency**

Tazabek – Government decided to liquidate Ala-Too microcredit agency. This was reported by the press service of the Government on March 26, 2014.

The liquidation committee was instructed to take, within three months, the necessary steps to liquidate Ala-Too Finance MCA as required by the Kyrgyz Civil Code.

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11 March 2014

### **Public tender for sale of 100% stake in Tash Kumyr Solar to take place on April 10, 2014 in Tash-Kumyr**

The value of the assets of Crystal LLC was estimated by the appraiser at 276.1 million KGS.

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6 March 2014

### **Government to disclose information on intended sale of 51% stake in Manas Airport to Russian company**

MP Kenzhebek Bokoev (Respublica) demanded at the meeting of Parliament on Thursday that the government should disclose information on the intended sale of a 51% stake in Manas International Airport to a Russian company.

He said that according to the media, the memorandum of understanding for sale of 51% of shares to Rosneft was signed. In his opinion, this issue must be considered by Parliament because the airport is a strategic asset of A-category which is not subject to privatization, while the government is acting contrary to law. The parliamentarian warned that if they fail to consider this issue as soon as possible, they will face the same situation as with Kyrgyzgas, meaning that they had to ratify the law on sale

28 February 2014

### **Government approves list of strategic assets of Kyrgyzstan**

Tazabek – The Government approved the list of strategic assets of the Kyrgyz Republic recommended by the Kyrgyz Defense Council. The corresponding resolution was signed by Prime Minister Jantoro Satybaldiev on February 17, 2014.

The State Property Fund was instructed to notify within one-month period the owners of corresponding assets before their inclusion in the list of strategic assets of the Kyrgyz Republic.

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14 February 2014

### **New Free Economic Zones Act adopted**

The new act contains material changes related to registration. Before the introduction of the new act, the registration of a FEZ entity was the prerogative of the FEZ General Directorate. Now the FEZ entities registration functions are delegated to the single registration authority, the Ministry of Justice. Furthermore, in accordance with the new act, all FEZ entities must pass state registration (re-registration) with the relevant authority within 6 (six) months from the date of entry into force of the new act (February 14, 2014).

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3 February 2014

### **Ministry of Economy proposes to introduce amendments to Kyrgyz natural and permitted monopolies act**

Tazabek – The Ministry of Economy submitted to Parliament a bill proposing amendments to the Kyrgyz Natural and Permitted Monopolies Act.

The bill is intended to de-regulate activities of natural and permitted monopolies related to export of goods and services.

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24 January 2014

### **Bill on amendments to Kyrgyz state registration of legal entities, branches (representative offices)**

of Kyrgyzgas notwithstanding the legal provision that gas pipelines refer to strategic assets. At such rate, there will be no strategic assets left for us tomorrow, said the MP.

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17 February 2014

## **Kyrgyztelecom reported to be loss-making**

As informed by Almazbek Kadyrkulov, CEO of Kyrgyztelecom, at the press conference on Monday, Kyrgyztelecom is a loss-making business today.

According to him, although the company is operating at a loss, it has great potential to be profitable.

To achieve this, we need to undertake the appropriate optimization, physical inventory-taking, fund-raising, and efficiency maximization efforts, explained the official.

Over a 2-year period, Kyrgyztelecom has paid 1.1 billion KGS worth of taxes. At present, the company has monopoly on services to local voice telephony service providers, and allocates channels and technical means for television and sound broadcasting and for TV-programs of all kinds within the territory of the republic.

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## **act proposed for public discussion**

The amendments proposed by this bill refer to registration of notices of changes in data contained in state companies registries (Article 18.1 of the Kyrgyz state registration of legal entities, branches (representative offices) act.

At present, such notices are considered by the Ministry of Justice and its local offices under the general rules within 30 days from the moment of registration of such notice.

If the bill is passed, Article 18.5 of the registration act will read as follows: the registering authority, upon notice, shall, within 3 days, make the necessary entries in the state registry and notify the tax, statistics and Social Fund authorities to this effect.

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