



CORPORATE ISSUES

INDUSTRY AND LEGAL UPDATE

KALIKOVA &
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law firm

Information for effective business solutions

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Industry Update

June 23, 2015

Kyrgyzkommertsbank re-registered with Ministry of Justice

On the 27th of March Kazkommertsbank of Kazakhstan JSC has been renamed into Kyrgyzkommertsbank and on the 27th of May has passed the procedure of re-registration with the Ministry of Justice.

Previously, Kazakhstan's Kazkommertsbank has sold its stake in the subsidiary, Kazkommertsbank Kyrgyzstan within the process of integration with BTA Bank and optimization of subsidiaries. The deal value has amounted to KGS 146,987,500 or \$ 2,396,665.5 (at the NBKR's rate). According to some reports, the shares in the bank were acquired by Mamakeev Kanat, who is the chairman of the board of Kazkommertsbank Kyrgyzstan. According to the Ministry of Justice, the founders of Kyrgyzkommertsbank include 45 individuals and 36 legal entities. Jumanova Dilbar Soltonovna is appointed as CEO.

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June 11, 2015

Ontario Court withdrew arrest of 47 million shares of Kyrgyzstan in Centerra Gold

Legal Update

June 9, 2015

Members of Parliament propose to introduce parity governance mechanisms in Joint Stock Companies Act

MP Marat Sultanov (Ata-Jurt) proposed to introduce the 50/50 parity governance mechanism in the Joint Stock Companies Act, at the meeting of the Parliamentary Committee on Economic and Fiscal Policy on June 9, 2015.

According to him, in 50/50 co-founder entities, the shareholders should be equally represented on the governing bodies, e.g. if one shareholder is represented on the Board of Directors, another should be represented on the Audit Committee.

"We must address such situations, otherwise, the disputes among shareholders will be endless. Such rules need to be in place", he added.

Finally, MPs postponed for another week the consideration of the bill proposing amendments to the Joint Stock Companies Act to draft a separate section covering the 50/50 co-founder entities.

The bill proposing amendments to the Joint Stock Companies Act includes the approval of certain common requirements for the conclusion of relevant transactions and the responsibility of officials of the company for them, the rules for setting a specific period of payment of dividends and procedures for termination of office of

Kyrgyzaltyn reports that the appellate division of the High Court of Ontario (Canada) on May 15 of this year has heard the company's appeal against the Ontario Court order approving the seizure of 47 million shares and dividends of Kyrgyzaltyn in Centerra Gold company from October 10, 2014. This is reported by the press service of Kyrgyzaltyn.

Last Wednesday, June 10, following the hearing of the appeal, the Ontario Court has issued a decision on the revocation of the appealed order. The decision of the appellate court is based on the decisions of the CIS Economic Court of September 23, 2013 on the interpretation of Article 11 of the Convention on Protection of Investor Rights of March 28, 1997, decision of the Moscow Arbitration Court of April 29, 2015 on the revocation of the decision of the Moscow Arbitration Chamber of Commerce.

Also, the appellate court confirmed that Stans Energy Corp had not disclosed material information and had not provided the court which issued the order to seize assets, with the full text of the decision of the Economic Court of the CIS.

Kyrgyzaltyn's interests were represented before the court by the Canadian office of the international law firm Baker & McKenzie LLP.

<http://www.knews.kg/>

April 3, 2015

Updates on Management Staff of State Antimonopoly Committee

The press service of the State Agency for Antimonopoly regulation updated Tazabek on the Management Staff.

As of April 1, 2015, the management staff of the State Antimonopoly Committee includes:

Director - Kazakov Bolsunbek Kumushbekovich
State Secretary - Mamyraliev Aibek Abaskanovich
Deputy Director - Taylakov Keneshbay Doskulovich
Deputy Director - Mambetkulov Alisher Shamilyevich
Advisor to the Director - Turdaliev Bakyt Chynybekovich

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members of the Board of Directors in joint stock companies. These are prerequisites for the proper performance of joint-stock companies.

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June 1, 2015

President Atambaev signed law simplifying procedures for registration and liquidation of business entities

Kyrgyz President Almazbek Atambaev signed the Law of the Kyrgyz Republic proposing amendments and additions to some legislative acts of the Kyrgyz Republic (facilitation of registration and liquidation of business entities). This is reported by the presidential press service.

The law was approved by Kyrgyz Parliament on April 23, 2015.

The bill was drafted in order to simplify the procedures for registration and liquidation of business entities (legal entities and individual entrepreneurs), reducing the period of review of documents by government agencies and the scope of administrative regulation of business.

The law enters into force on the 10th day from the date of publication, except paragraph 6 of Part 9 of Article 1, paragraph 2 of Article 3, which shall enter into force on January 1, 2016.

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May 15, 2015

President Almazbek Atambaev signed the law proposing amendments to Law on state registration of legal entities, branches (representative offices).

This is reported by the presidential press service. The law was approved by Parliament on April 9, 2015.

The purpose of the law is to fill existing gaps in law, to remove conflicting and overlapping provisions, as well as to simplify the process of business registration.

April 1, 2015

Updates on Management Staff of Kyrgyz Stock Exchange

Tazabek has updated information on "Management Staff."

As of March 31, 2015, Kyrgyz Stock Exchange management staff includes:

President - Niyazov Nazar Abilezimovich.
Vice President - Tashbaev Almaz Kaldarovich.
Departments
Finance department - Bekmuratova Sofia.
Department of trade and listing - Chodulova Aida.
Centre disclosure of infomation - Irina Ivanova.
Department of Information Technology - Paul Pavlenko.

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April 1, 2015

State Property Fund to introduce in government-owned joint-stock companies corporate governance and system of evaluation of each member of the Board of Directors

Based on company performance in 2014, government-owned joint stock companies plan to hold the general meetings of shareholders, where they will evaluate performance of the executive body, each member of the Board of Directors and the Audit Committee of a company. This was reported to Tazabek in the State Property Fund.

In case of receiving a negative performance evaluation, an officer will be removed from the governing body.

In order to ensure effective and transparent management of the state property, including state shareholdings through the introduction of the world's best standards of corporate governance, it is proposed to introduce, in each company, the Code of Corporate Governance, the system of evaluating performance of each member of the Board of Directors, to establish the standing committees within the Board of Directors for the main practice areas of the company.

As noted in the document, these changes are planned to be introduced at the upcoming annual general meetings of shareholders before May 1,

The Law proposes:

- amendments whereby the public authorities defined in the Constitution acquire the status of legal entities and are not subject to state registration;

- amendments excluding the bank statement of account (accounts) and liquidation balance sheet from the list of the documents required by the registering authority upon termination of a legal entity;

- amendments excluding the provision requiring a written consent of the public authority for securities market required upon termination of a joint stock company;

- amendments, whereby, in the absence of creditors, a legal entity under reorganization shall be permitted to submit a letter of guarantee signed by its CEO confirming that it has no creditors

- procedure for registration of termination of legal entities in case of bankruptcy (in and out of court);

- amendments allowing to refuse registration of a legal entity, branch (representative office) if there are elements of discrimination on the basis of sex, race, language, disability, ethnicity, religion, age, political or other beliefs, education, origin, property or other status, or incorrect and swear words in the name of this legal entity, branch (representative office) or if there is a court decision refusing such registration.

The law comes into force on the 10th day from the date of publication.

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April 21, 2015

The Ministry of Economy proposed to approve a regulation on government representatives in the board of directors and audit committee of joint stock companies with government participation.

This was announced by the press service of the Government on April 20.

The purpose of the draft regulation proposed by the Government is to improve the principles of corporate governance in joint stock companies

2015.

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March 30, 2015

Kyrgyzstan to become a founding member of Asian Infrastructure Investment Bank

On March 24, 2015, Prime Minister Djoomart Otorbaev signed the Government Resolution approving the draft Memorandum of Understanding between the Government of the Kyrgyz Republic and the Governments of the founding members of the Asian Infrastructure Investment Bank on establishing the Asian Infrastructure Investment Bank.

As reported by the press service of the Government, Asian Infrastructure Investment Bank is established as a multilateral development bank that provides financial support to improve the development of industrial infrastructure in Asia.

Currently, the Memorandum of Understanding on establishing AIIB is signed by 23 countries: Bangladesh, Brunei, Cambodia, China, India, Kazakhstan, Kuwait, Laos, Malaysia, Myanmar, Nepal, Oman, Pakistan, Philippines, Qatar, Singapore, Sri Lanka, Thailand, Uzbekistan, Vietnam, Mongolia, Indonesia, Tajikistan.

<http://www.knews.kg/>

March 25, 2015

Board of Directors of Dos Kredobank approved for one year

Shareholders of Dos Kredobank following the results of the Annual General Meeting approved the Board of Directors for a term of one year. This was announced on the website of the Kyrgyz Stock Exchange.

The members of the Board include:

1. Umralin Bolot Rustamovich
2. Konurbaev ErmeK Adylbekovich
3. Ohanian Carmen Gurgenovich
4. Tagaev Rustambek Turdyevich
5. Tyuleeva Nazgul Narimanovna

It also reported that Baker Tilly Bishkek LLC was elected as the bank's external auditor.

with government participation, as well as to systemize communication among the government representatives in the management bodies of joint stock companies where government participation is more than 10%.

The regulation defines the process of communication among the members of the board of directors and the audit committee nominated by the Government to joint stock companies, with the State Property Management Fund and industrial governmental body under a model contract. Also, to protect the interests of the Government, the regulation defines the tasks, functions, duties and responsibilities of the government representatives to the extent not inconsistent with the current laws governing joint stock companies.

The regulation on the independent member of the Board of Directors defines the legal status of the independent member of the Board of Directors, as well as criteria for election and performance evaluation.

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If you have any comments, please contact Ruslan Sulaimanov at rsulaimanov@k-a.kg

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