



BANKING & FINANCE

INDUSTRY AND LEGAL UPDATE

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Industry news

20 June 2018

Kyrgyzstan's credit rating remains unchanged for three years

Kyrgyzstan's credit rating from Moody's remains unchanged for three years. The rating is B2 Stable, which is considered as highly speculative.

International rating agency Moody's confirmed Kyrgyzstan's credit rating in its new report. It is reported that the rating reflects a relatively high debt level and performance improvements of public administration institutions. There are also noted quite low debt servicing costs and reliable growth forecast.

www.24.kg

11 July 2018

More than KGS 12 billion earned from government securities in half a year

In January-June, the Government earned KGS 12 billion 16.73 million from the treasury securities, the Ministry of Finance reports.

Treasury bonds (T-bonds) account for the majority of the earnings – KGS 10 billion 353.51 million. 10-year and 7-year T-bonds account for the highest yield – KGS 3 billion 927.79 million and KGS 2 billion 482.15 million respectively. The yield on 2-, 3- and 5-year T-bonds is KGS 1 billion 105.16 million, KGS 1 billion 320.63 million and KGS 1 billion 517.78 million respectively.

www.24.kg

13 June 2018

Kyrgyzstan's economic growth

Legal news

13 July 2018

Amendments made to National Bank of Kyrgyz Republic, Banks and Banking Act

President Sooronbai Jeenbekov signed the bill introducing amendments to the National Bank, Banks and Banking Act.

The Parliament passed the bill on June 6, 2018.

The bill proposes amendments allowing the National Bank of the Kyrgyz Republic to provide interest-bearing, fixed-term, repayable financing in the national currency to international organizations set up by the Kyrgyz Republic jointly with other Eurasian Economic Union (EAEU) member states as part of the projects and programs aimed at providing favorable financing to the Kyrgyz Republic for the promotion of its economy and secured by pledge of foreign currency or government securities of the Kyrgyz Republic.

The Act is published in the "Erkin-Too" gazette Issue No. 59 of July 13, 2018, and becomes effective 10 days after the date of its official publication.

9 July 2018

Bill proposing amendments to Bank Licensing Regulation

The National Bank announced public debate over the bill proposing amendments to the Bank Licensing Regulation.

As noted, the bill aims to improve the National Bank's regulations. The amendments primarily aim to introduce requirements for Kyrgyz commercial banks licensing, procedure for obtaining permission to acquire threshold equity interest in banks, procedure for acquiring shares

forecast downgraded by Eurasian Development Bank

The Eurasian Development Bank downgraded Kyrgyzstan's economic growth forecast by 0.8%: from 4.2% to 3.4%, the EDB macroeconomic review says.

Also, given the weak price demand in the regional food markets and the stable exchange rate, the inflation forecast was also revised downward.

According to updated estimates, the growth of consumer prices will remain weak until the end of 2018 and will amount to 3.8%.

In 2019, the price increase will accelerate to 5.7%, and in 2020 - by 6.3%.

The economy will grow slower. Based on FY 2018 results, the GDP growth forecast is 3.5%, in 2019 - 3.9%, in 2020-3.7%.

"Due to the emergence of new risks, more restrained forecasts for economic growth have been formed in the countries being the main trading partners of Kyrgyzstan. Among domestic factors, the decline in gold production will contribute to a slowdown in the GDP growth in 2018. In the medium term, domestic demand and fiscal policy measures will support the economy," the report says.

www.24.kg

11 June 2018

Foreign capital represents 49% of total banking sector assets in Kyrgyzstan

The growth of foreign capital in the banking sector of Kyrgyzstan to 49% is not a big deal, Tolkunbek Abdygulov, the CEO of the NBKR, said at the meeting of the Parliamentary Committee on Budget and Finance.

According to Tolkunbek Abdygulov, 18 of 25 banks in the country have foreign founders. "We consider these banks to be Kyrgyz, as they operate under our laws and under the supervision of the NBKR. Recently, investors from the Netherlands and Japan came to the country. They became shareholders of local banks, he said.

He also noted the growth of Islamic finance in the country.

www.24.kg

06 June 2018

Prime Minister Mukhammedkaly Abylgaziev: We need to address issue of decreasing mortgage interest rates to 6% per annum

by minority shareholders (founders), approving bank officers, expanding operations of banks by creating separate structural divisions, procedure for coordinating amendments and revisions to the charter of banks, conducting operations in the state language.

The bill is posted on the NBKR website.

E-mail address for comments and suggestions: zosokeeva@nbkr.kg.

www.nbkr.kg

9 July 2018

Bill proposing amendments to Microfinance Companies Licensing Regulation

The National Bank announced public discussion of the bill proposing amendments to the Microfinance Companies Licensing Regulation.

As noted, the bill is introduced to allow banks to transform into microfinance companies and further provide some banking services and to improve licensing procedures for microfinance companies.

The bill is posted on the NBKR website.

E-mail address for comments and suggestions: zosokeeva@nbkr.kg.

www.nbkr.kg

9 July 2018

Bill proposing amendments to the Bank and Other Licensable Organization Sanctions Regulation

The National Bank announced public discussion over the bill proposing amendments to the Bank and Other Licensable Organization Sanctions Regulation.

As noted, the bill introduces uniform requirements for banks that do not meet the requirements for minimum charter and/or own (regulatory) capital. The bill introduces the deadlines for meeting the requirements, sanctions for failure to meet the requirements and deadlines for terminating a bank.

The bill is posted on the NBKR website.

E-mail address for comments and suggestions: zosokeeva@nbkr.kg.

www.nbkr.kg

2 July 2018

On June 6, the Prime Minister of the Kyrgyz Republic Muhammedkaliy Abylgaziev held a meeting to discuss the operation of State Mortgage Company OJSC.

At the meeting, the Prime Minister gave instructions to address the issue of reducing the mortgage interest rate to 6% per annum.

The Affordable Housing Program 2015-2020 should be consistent with its title. Offering mortgage loans on more favorable terms is one of the main tasks facing the Government, the Prime Minister concluded.

www.gov.kg

1 June 2018

Bishkek International Finance Forum (BIFF)

Bishkek International Finance Forum (BIFF) held on June 1 and 2 in Bishkek was devoted to current issues in financial services, including prospects for further development of payment technologies and services, cyber security, green and sustainable finance in the country.

Tolkunbek Abdygulov, the CEO of the NBKR, in his opening ceremony speech, noted that BIFF 2018 was also held on the occasion of the 25th anniversary of the national currency.

www.akchabar.kg

29 May 2018

NBKR cuts discount rate for first time in 18 months

The National Bank of Kyrgyzstan cut the discount rate to 4.75%, Tolkunbek Abdygulov, the CEO of the NBKR, reported at the press conference.

According to him, the NBKR's Executive Board decided to cut the discount rate for the first time since December 2016 in connection with the economic situation in the republic.

Inflation in Kyrgyzstan remains low. As of May 18, its annual rate was 1.6%. Revival of demand along with stable prices allows expecting that, in the medium-term perspective, the inflation rate will be maintained at 5-7% which is in line with the monetary policy targets, Tolkunbek Abdygulov noted.

The NBKR is confident that the cut in the discount rate will allow it to continue to support measures aimed at stimulation of real sector of economy.

www.24.kg

29 May 2018

Bill proposing new Payment System Operators and Payment Organizations Licensing Regulation

The National Bank of the Kyrgyz Republic announced public discussion of the bill proposing the new Payment System Operators and Payment Organizations Licensing Regulation.

The bill is posted on the NBKR website.

www.nbkr.kg

20 June 2018

Banking supervision guidelines

The Executive Board of the NBKR, by its Resolution of June 20, 2018 No. 2018-P-12 / 24-2- (NLA), approved the Banking Supervision Guidelines.

The Guidelines define the main principles of external supervision, the objectives and types of inspections of commercial banks, deposit-taking microfinance companies, Credit Unions Financial Company, and State Development Bank of the Kyrgyz Republic. In addition, the Guidelines introduce mandatory requirements for banks related to external supervision and inspections of their operations.

www.nbkr.kg

05 June 2018

Bill proposing Minimum Risk Management Requirements for banks practicing Islamic banking and finance

The National Bank announced public discussion of the bill introducing Minimum Risk Management Requirements for Banks Practicing Islamic Banking and Finance.

As noted, the bill is proposed in connection with the revision of risk management requirements for banks practicing Islamic banking and finance, taking into account the international best practices and the IFSB standard 1 - Guidelines for risk management for institutions offering Islamic financial services.

The bill is posted on the NBKR website.

E-mail address for providing comments and suggestions: eaidarov@nbkr.kg

www.nbkr.kg

21 April 2018

2,000 Som banknote wins Excellence in Currency award in Best New Currency Innovation category

The 2,000 Som commemorative banknote won the Excellence in Currency award in the Best New Currency Innovation category at the Banknote 2018 international conference in Dallas (USA).

The Banknote Conference is known to be the premier “technical” conference for the currency industry.

www.nbkr.kg

Warehouses and Warehouse Certificates Bill signed into law

President Sooronbai Jeenbekov signed the Warehouses and Warehouse Certificates Bill into law.

The Parliament passed the bill on March 7, 2018.

The bill introduces legal and institutional requirements for the operation of warehouses for agricultural and processed agricultural products and for the issuance of simple and dual warehouse certificates, as well as for regulation of legal relations arising from the issuance, circulation, replacement and cancelation of simple warehouse certificates and double warehouse certificates and separate parts thereof (warehouse certificate and pawn certificate).

The bill was published in the “Erkin-Too” gazette on May 11, 2018 No. 40 and became effective from the date of publication.

www.president.kg

18 April 2018

Amendments to Securities Market Act

President Sooronbai Jeenbekov signed the bill proposing amendments to the Securities Market Act.

The Parliament passed the bill on March 1, 2018.

The bill aims to improve the legislative framework for securities market, including securities issuers, professional participants in the securities market and investors.

The bill was published in the “Erkin-Too” gazette on May 4, 2018, No. 37-38 and became effective from the date of publication.

www.president.kg

2 April 2018

Amendments to National Bank of Kyrgyz Republic, Banks and Banking Act

President Sooronbai Jeenbekov signed the bill proposing amendments to the National Bank of the Kyrgyz Republic, Banks and Banking Act.

The Parliament passed the bill on February 28, 2018.

The bill aims to ensure the inflow of funds to the public revenue, to increase the amount of public revenue deductions from the profit of the National Bank from

70% to 90%.

The bill was published in the “Erkin-Too” gazette on April 10, 2018 No. 30, became effective from this date and is valid until April 30, 2019.

www.president.kg

30 March 2018

State Program 2018-2022 for increasing non-cash payments and settlements in Kyrgyz Republic approved (third stage)

On March 28, 2018, a joint decision of the Government of the Kyrgyz Republic and the National Bank of the Kyrgyz Republic No. 166 / 51-6 approved the State Program 2018-2022 for Increasing Non-cash Payments and Settlements in the Kyrgyz Republic (third stage).

The State Program aims to achieve the optimal and equilibrium ratio of cash and non-cash circulation through the development of the retail payments market, including innovative payment instruments, and the increase in the penetration of banking and payment services in the Kyrgyz Republic.

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The sources of news contained in the Update are websites: www.24.kg, www.gov.kg, www.nbkr.kg, www.akchabar.kg, www.president.kg, etc.

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