

**The Law of the Republic of Kazakhstan No. 576-II dated July 7, 2004
On Investment Funds**

This Law shall govern the legal position, peculiarities of establishment, activities, reorganization and liquidation of the joint-stock investment fund, conditions and procedure of establishment, performance and disestablishment of the unit investment funds in the Republic of Kazakhstan, regulate the relations connected with the activities of professional participants of the securities market to ensure performance of investment funds and specify the procedure of state regulation of investment funds.

Chapter 1. General Provisions

Article 1. The Main Terms Used in this Law

The following main terms are used in the present Law:

1) The joint-stock investment fund is a joint-stock company which only activity is accumulation and investment of the money contributed by shareholders of this company for payment of its shares as well as assets received in the results of such investments pursuant to the requirements specified in this Law and its investment declaration;

2) Diversification is placement of investment fund assets in different financial instruments and other property in order to reduce the risk of their value decrease;

3) The Management Company is a professional participant of the securities market carrying out trust management of the investment fund assets on the basis of the license for the investment portfolio management;

4) The Real Estate Investment Fund is a joint-stock investment fund which only activity is accumulation and investment of money contributed by the shareholders of this company for payment of its shares as well as assets received in the results of such investments in real estate and other property permitted by this Law, pursuant to the requirements specified in this Law and its investment declaration;

5) The Investment Declaration is a document determining the list of investment objects, goals, strategies, conditions and limitations of investment activities concerning the investment fund assets, terms and conditions of hedging and diversification of the fund assets;

6) The Investment Income is increase in the investment fund assets in terms of money, received in the result of their investments;

7) The Investment Fund is a joint-stock or unit investment fund established in compliance with this Law;

8) Investment Fund Assets are a complex of assets owned by a joint-stock investment fund or making up a unit investment fund;

9) The Net Asset Value of the Investment Fund is the monetary value of investment fund assets determined as the difference between the value of all investment fund assets and its liabilities or accrued expenses to be paid at the cost of the investment fund assets;

10) The Unit Investment Fund is the aggregate of money received in return for units as well as other assets purchased in the result of their investments which is co-owned by unitholders and is under management of the management company;

11) The Regulations of the Unit Investment Fund is a document specifying the goals, conditions, procedure of performance and disestablishment of the unit investment fund;

12) The Investment Decision is the decision on a transaction with the investment fund assets made in the course of its assets management;

13) The Unit is a registered equity security in book entry form confirming its holder's share in the unit investment fund, the right to receive the money from sales of unit investment fund assets in case of its disestablishment as well as other rights connected with the peculiarities of the activities of unit investment funds determined by the present Law;

14) The unitholder is a person/entity having a personal account in the system of registers of unitholders of the unit investment fund or in the system of nominal holding and possessing the rights to units of a unit investment fund;

15) Unit Buy-out means termination of the agreement for fund management of the assets of a unit investment fund by purchase of the unit by the management company from its holder;

16) The Unit Estimated Value is the monetary value of the unit determined by division of the net asset value of the unit investment fund by the number of circulating units;

17) The Unit Par Value is the monetary value of the unit in the event of the initial public offering of the units of a unit investment fund;

18) The Initial Public Offering of Units is a period of offering of units at par value in order to form a minimum size of assets of the unit investment fund;

19) The Fund Management Agreement is the agreement for management of the investment portfolio making up the investment fund assets which is made between the management company and the joint-stock investment fund or investor of the unit investment fund with regard to transfer of money to trust management in compliance with the requirements specified in the present Law;

20) Authorized body is the state body, regulating and supervising the financial market and financial organizations.

Article 2. The Investment Funds Laws of the Republic of Kazakhstan

1. The Investment Funds Laws of the Republic of Kazakhstan are based on the Constitution of the Republic of Kazakhstan and consists of the Civil Code of the Republic of Kazakhstan, this Law and other legal acts of the Republic of Kazakhstan.

2. If the international treaty ratified by the Republic of Kazakhstan provides for other regulations than those contained in the present Law, then the regulations of the international treaty shall be applied.

3. The laws of the Republic of Kazakhstan On the Securities Market and On Joint-Stock Companies shall be applied to investment funds unless otherwise specified in this Law.

Article 3. The Subject of Regulation of this Law

1. This Law governs the relationships:

- 1) connected with the peculiarities of the legal position and activities of joint-stock investment funds;
- 2) arising in the course of establishment, performance and disestablishment of unit investment funds;
- 3) connected with the activities of professional participants of the securities market with regard to trust management of investment fund assets, their registration and custody as well as their issue, offering, circulation, buy-out and redemption of securities of investment funds.

2. This Law does not cover the relationships arising in the course of property trust management carried out by other persons/entities which activities are regulated by other legal acts of the Republic of Kazakhstan except for management companies.

3. This Law shall not be applied to organizations, more than fifty percent of voting shares of which belong on the right of ownership or trust management to the national managing holding, the list of which is approved by the Government of the Republic of Kazakhstan.

Article 4. Types of Investment Funds

1. In the Republic of Kazakhstan investment funds can be of the following types:

1) Joint-stock investment fund;

2) Unit investment fund which may be established in the following forms: open-ended, interval or closed-ended.

1-1. The real estate investment fund grants the right to the holder of its shares to receive dividends on shares at least once a year. The minimum amount of the funds used for payment of dividends shall be, at least, ninety percent of the net proceeds of the fund.

2. The open-ended unit investment fund grants the right the holder of its unit to require for buy-out of the unit from the management company in the cases, subject to the conditions and procedure provided for by this Law and regulations of the given investment fund, at least, biweekly.

3. The interval unit investment fund grants the right to the holder of its unit to require for buy-out of the unit from the management company in the cases, subject to the conditions and procedure provided for by this Law and regulations of the given investment fund at least once a year.

4. The closed-ended unit investment fund grants the right to the holder of its unit to participate in a general meeting of unitholders of this fund as well as to receive dividends on the unit subject to the conditions and procedure provided for by the fund regulations.

The unitholder of the closed-ended unit investment fund shall have no right to require for buy-out of the units held by them from the management company, unless otherwise stated by the present Law and other regulatory acts.

5. The investment fund which investment declaration or regulations provide for the possibility of investments of the fund's assets without complying with the investment conditions specified in Sub-Paragraphs 6) and 8)-12) Paragraph 1 **Article 41** of the present law is the venture capital fund.

6. Venture capital funds may be only joint-stock or closed-ended unit investment funds. Real estate investment funds may not be venture capital funds.

7. The joint-stock investment fund may manage their assets subject to condition of the license to manage the investment portfolio.

The joint-stock investment fund, managing its assets without assistance, has no right to manage the assets of other persons/entities.

Статья 4-1. Islamic investment funds

1. Islamic investment fund is a joint-stock investment fund or closed-ended unit investment funds carrying out investment of assets of the fund with observance of principles of Islamic financing.

2. The duties and obligation of the representative of the Islamic securities holder of the Islamic investment funds shall be carried out by the custodian.

3. Investment declaration of the Islamic investment fund shall comply with the principles of Islamic financing and shall be agreed with the council on principles of Islamic financing.

Article 5. The Name of the Investment Fund

1. The name of the joint-stock investment fund shall include the words "joint-stock investment fund".

1-1. The name of the joint-stock investment fund which is a real estate investment fund shall include the words "real estate investment fund".

2. The name of the venture capital fund shall include the indication that this fund is a venture capital fund.

3. The name of the unit investment fund shall include the words "unit investment fund" and indication whether this fund is open-ended, interval or closed-ended.

4. It shall be prohibited to use such words as "national", "central", "governmental", "guaranteed" or "insured" in the given or changed form in any language in the name of the investment fund. The name of the investment fund shall not assert or imply insurance or guarantee of the return on investments.

5. The legal entity which has not been registered with the justice authorized body as a joint-stock investment fund or has not registered the issue of shares of the investment fund with the authorized body shall not be entitled to call itself an investment fund, carry out activities as an investment fund or use the words "investment fund" in any combinations in its name.

Article 6. The Investment Activities of the Investment Fund

The investment activities of the investment fund lies in the fact that the joint-stock investment fund or fund management company invests assets independently on condition of the corresponding license so that the shareholders or holders of the

fund units would receive the income and risks would be reduced in the course of such investments.

Article 7. Requirements to the Audit of the Management Company and Custodian with regard to the Investment Fund Assets

1. Annual auditors' reports of the management company of the investment fund shall include the information on the results of the audit of:

1) accounting and preparation of statements with regard to the assets of the investment fund and transactions therewith;

2) the composition of the investment fund assets;

3) the procedure of valuation of the investment fund assets as well as determination of the estimated value of a unit, the cost of offering and buy-out of units of the unit investment fund;

4) transactions performed with the investment fund assets;

5) the procedure and results of reconciliations of the value, flows and composition of the investment fund assets, estimated value of units in case of their further offering or buy-out with the custodian.

2. Repealed in accordance with the [Law](#) of the Republic of Kazakhstan № 72-IV dated 23.10.08.

Chapter 2. The Joint-Stock Investment Fund

Article 8. Requirements to Founders and Shareholders of the Joint-Stock Investment Fund

1. Founders or shareholders of the joint-stock investment fund may not be persons/entities registered in off-shore areas which [list](#) is specified by the authorized body.

2. Shareholders of the joint-stock investment fund may not be the management company, custodian, audit organization and registrar made corresponding agreements with this investment fund.

The prohibition specified in the first part of this Paragraph shall not be applied to shareholders of a venture capital fund.

Article 9. Requirements to Joint-Stock Investment Funds

1. The joint-stock investment fund shall not:

1) perform other types of activities except for the activity specified in the present Law;

2) introduce s “golden share”;

3) establish any subsidiaries;

4) issue and offer other financial instruments except for ordinary shares.

The prohibition specified in Sub-paragraph 3) Paragraph 1 of this Article shall not be applied to venture capital funds and real estate investment funds.

The prohibition specified in Sub-paragraphs 3), 4) of Paragraph 1 of this Article shall not be applied to real estate investment funds.

Real estate investment funds may establish subsidiaries which main activity is maintenance of the real estate purchased at the cost of investment fund assets.

Real estate investment funds may lease the real estate purchased at the cost of investment fund assets.

2. The assets of the joint-stock investment fund are managed independently subject to the condition of the license for management of the investment portfolio or by a management company in compliance with the trust management agreement and investment declaration of this fund.

The custodian shall keep records and have custody of the assets of the joint-stock investment fund pursuant to the custody agreement.

3. The management company, custodian, audit organization and registrar made corresponding agreements with the joint-stock investment fund shall not be affiliated with each other except for the said organizations providing services to the venture capital trust.

4. The joint-stock investment fund managing its assets without assistance shall comply with all the requirements provided for by the laws of the Republic of Kazakhstan and imposed on management companies of the investment fund.

Article 10. The Charter of the Joint-stock Investment Fund

The charter of the joint-stock investment fund, apart from the data determined by the legislation of the Republic of Kazakhstan, shall include:

1) the provision specifying that the only type of its activity is investments in compliance with the terms and conditions of its investment declaration and requirements provided for by the investment fund laws of the Republic of Kazakhstan;

2) the types, determination procedure and maximum amounts of expenses for current activities, including upkeep of bodies of the joint-stock investment fund.

Article 11. State Registration of the Issue of Shares of the Joint-stock Investment Fund

1. State registration of the issue of shares of the joint-stock investment fund shall be carried out pursuant to the requirements specified by the securities market [legislation](#) of the Republic of Kazakhstan and this Law.

2. With the purpose of state registration of the issue of shares of the joint-stock investment fund, drafts of agreements between the joint-stock investment fund and the management company (if any), custodian and registrar shall be submitted in addition to the documents specified by the [legislation](#) of the Republic of Kazakhstan.

3. If the trust management agreement is not made with the management company, the joint-stock investment fund shall submit the documents for the license to manage the investment portfolio at the time of submission of the documents for state registration of the issue of shares.

Authorized body shall carry out state registration of the issue of shares and shall grant the license to manage the investment portfolio to the self-administered investment fund simultaneously.

4. The prospectus of the joint-stock investment fund shall contain the data specified in the **legislation** of the Republic of Kazakhstan and the following information:

- 1) the investment declaration;
- 2) the conditions and procedure of submission and execution of orders for buy-out of shares of the joint-stock investment fund;
- 3) the list of intermediate parties for offering and/or buy-out shares of the joint-stock investment fund (if any) indicating their location and telephone numbers for contacts.

5. The Authorized body shall have the right to refuse in state registration of the issue of shares of the joint-stock investment fund in case of incompliance of the submitted documents with the requirements specified by the laws of the Republic of Kazakhstan or if the data given in the documents is inconsistent and misleading.

6. The Authorized body shall inform the applicant in writing of refusal in the state registration of the issue of shares of the joint-stock investment fund indicating the grounds for refusal.

7. The Authorized body shall register joint-stock investment funds established in the Republic of Kazakhstan in compliance with the requirements specified in the present Law.

Article 12. Shares of the Joint-Stock Investment Fund

1. Shares of the joint-stock investment fund shall be paid only with the money in the national currency of the Republic of Kazakhstan.

Partial payment of shares is not allowed in case of their offering.

2. In the event of the initial public offering, the purchaser shall transfer the money for payment of shares of the joint-stock investment fund on the account of the joint-stock investment fund with the custodian of this fund.

3. Shares of venture capital trusts are not allowed for offering and circulation in the trade systems of tender organizers.

Article 13. Peculiarities of Functioning of Bodies of the Joint-stock Investment Fund

1. Representatives of the joint-stock investment fund's management company, custodian, registrar, audit firm and authorized body shall have the right to attend a general meeting of shareholders of the joint-stock investment fund.

Written notices of a general meeting of shareholders of the joint-stock investment fund shall be sent to the management company, custodian, registrar, audit firm of the fund and authorized body in the order stipulated by the **legislation** of the Republic of Kazakhstan on joint-stock companies and charter of the joint-stock investment fund.

2. Decisions of a general meeting of shareholders of the joint-stock investment fund causing the possibility of submission of applications for purchase of the fund shares by shareholders shall become effective in thirty calendar days from the date of the general meeting.

3. The charter of the joint-stock investment fund may refer to the competence of the board of directors the issues of amendments to the prospects in the part of determination of the total amount of outstanding shares, conditions and procedure of the their issue, offering, circulation and buy-out, amendments to the investment declaration.

The shareholder shall not be entitled to require for buy-out of the shares held by them, if the decision on amendments to the investment declaration has been made by the board of directors.

4. The competence of the board of directors of the joint-stock investment fund includes adoption of decisions on making agreements with the management company, custodian, registrar and audit firm unless otherwise provided for by the charter of this investment fund.

Article 14. Buy-out of Shares of the Joint-stock Investment Fund

1. The shareholder of the joint-stock investment fund shall be entitled to require for buy-out of the shares held by them, only if the general meeting of the shareholders makes the decision on the fund reorganization or introduction of amendments to the charter of prospectus of this fund which is derogative to the their rights on condition that the shareholder has participated in this general meeting and voted against the decision specified.

2. Before amendments to the investment declaration become effective, the joint-stock company shall buy out all the shares offered for buy-out subject to the conditions and procedure specified by the charter or prospectus of this fund. The right of shareholders to require for buy-out of the shares becomes void when such amendments come into force.

Article 15. Reorganization and Liquidation of the Joint-stock Investment Fund

1. Compulsory reorganization and liquidation of the joint-stock investment fund shall be carried out on the basis of the court decision in the order provided for by the [legislation](#) of the Republic of Kazakhstan. The authorized body shall be entitled to bring an action for compulsory liquidation of the investment fund on the grounds stipulated by the [legislative acts](#) of the Republic of Kazakhstan.

2. In case of the compulsory reorganization or liquidation on the basis of the court decision the joint-stock investment fund shall send the notice with the copy of the court decision to the authorized body within seven calendar days from the day the court decision has become effective.

Chapter 3. The Unit Investment Fund

Article 16. The Legal Position of the Unit Investment Fund

1. The unit investment fund is not a legal entity. The unit investment fund shall be established in perpetuity unless otherwise specified in the fund regulations.

2. The interest in the assets of a unit investment fund shall be certified by the unit issued by the management company.

Division of assets of the unit investment fund among its unitholders and partition in kind are not allowed.

3. The minimum size of assets of the unit investment fund is fifty thousand monthly calculation indices specified in the [law on the republican budget](#) for a corresponding financial year as of the date of registration of the issue of units.

Article 17. Establishment of the Unit Investment Fund

1. The board of directors of the management company makes the decision on establishment of the unit investment fund if this issue is not referred to the exclusive competence of the general meeting of shareholders of the management company by its charter.

The board of directors of the management company of the unit investment fund shall make the decisions on adoption of the regulations of the unit investment fund and introduction of the amendments to them unless otherwise provided for by its charter.

2. The management company may establish several open-ended, interval or closed-ended unit investment funds which should differ in the investment declarations.

3. The management company may not be unitholder of those unit investment funds which performance is ensured by them in compliance with the agreements made.

Custodian, audit organization, registrar and appraiser may not be unitholders of those unit investment funds which performance is ensured by them in compliance with the agreements made, except for specified organizations ensuring performance of the unit venture capital fund.

Article 18. The Merger or Change in the Type of Unit Investment Funds

1. Unit investment funds of the same type may be merged subject to the conditions and procedure provided for by the fund regulations.

2. The general meeting of unitholders of the unit investment fund may make the decision on changes in the fund type into an open-ended or interval unit investment fund.

3. The form of an open-ended or interval unit investment fund may not be changed into that of the closed-ended unit investment fund.

Article 19. The Agreement of Trust Management of Assets of the Unit Investment Fund

1. Under the agreement of trust management of assets of the unit investment fund the investor transfers the money in trust management of the management company to pool it with the money of other investors in the unit investment fund and further investments pursuant to the regulations of this fund.

2. The trust management agreement of the unit investment fund is the agreement of accession which terms and conditions are determined by the management company in the regulations of the unit investment fund. The terms and conditions of the agreement of trust management of the unit investment fund may be adopted by the unitholder of the fund only by means of accession to the said agreement in whole.

3. In addition to the terms and conditions provided for by the legislative acts of the Republic of Kazakhstan the agreement of trust management of the unit investment fund shall contain:

1) the conditions and procedure of the agreement termination and/or fund disestablishment;

2) the conditions and procedure of transfer of the fund assets in management of another management company, management company's fulfillment of the obligations for fund disestablishment including in case of suspension or withdrawal of the license to manage the investment portfolio;

3) responsibilities of the parties.

Article 20. State Registration of the Issue of Units of the Unit Investment Fund

1. State registration of the issue of units of the unit investment fund shall be carried out by the authorized body on the basis of the following documents submitted by the company:

1) the application;

2) a copy of the decision on establishment of the unit investment fund made by the board of directors or general meeting of shareholders (sole shareholder holding all voting shares) of the management company pursuant to its charter;

3) the fund regulations approved by the board of directors or general meeting of shareholders (sole shareholder holding all voting shares) of the management company pursuant to its charter (two copies);

4) copies of the agreement with the custodian and registrar;

5) internal documents of the management company regulating the conditions and procedure of its activities, the activities of divisions and employees of the management company with regard to establishment, performance and disestablishment of the unit investment fund complying with the requirements provided for by the securities market legislation of the Republic of Kazakhstan if the said documents have not been agreed with the authorized body earlier (two copies).

2. The conditions and procedure of assignment of the national identification code to the units of the unit investment fund shall be determined by the regulatory legal act of the authorized body.

3. The documents submitted for state registration of the issue of units of the unit investment fund shall be considered by the authorized body within thirty calendar days from the date of the submission.

4. In the course of state registration of unit issue the authorized body shall approve:

1) the regulations of the unit investment fund;

2) the internal documents of the management company regulating the conditions and procedure of its activities, activities of divisions and employees of the management company with regard to establishment, performance and disestablishment of the unit investment fund complying with the requirements provided for by the securities market legislation of the Republic of Kazakhstan if the said documents have not been agreed with the authorized body earlier

5. If the documents submitted comply with the requirements specified by the **legislation** of the Republic of Kazakhstan, the authorized body shall perform state registration of the unit issue by providing the management company with the certificate of state registration of the unit issue and by entering the data on them in the State Register of Equity Securities.

6. The authorized body may make the decision on refusal in state registration of issue of units of the unit investment fund if:

1) the submitted documents do not comply with the requirements specified by the laws of the Republic of Kazakhstan;

2) there is inconsistent and misleading data in the regulations of the unit investment fund, amendments to it and in other documents submitted for approval;

3) the activities of the management company do not comply with the requirements provided for by the laws of the Republic of Kazakhstan.

Article 21. The Unit of the Unit Investment Fund

1. The price of the unit and number of units owned by one holder may be expressed in fractional numbers.

2. The unit buy-out is indicative of accession of the investor to the agreement of trust management of the unit investment fund.

The unitholder's disposal of its unit means termination of the trust management agreement.

3. **The system of registries of unitholders of the unit investment fund** shall be maintained by the registrar.

Peculiarities of keeping the system of registries of unitholders of the unit investment fund, systems of registration of nominal holding of units, registration of transactions with units shall be determined by the internal documents of the registrar.

4. The unitholders of the unit investment fund shall not be responsible for the obligations arising out of trust management of the fund assets and shall bear the risk of losses including in connection with the change in the market value of assets of the unit investment fund within the value of the units held by them.

5. The units of open-ended unit investment funds and venture capital funds are not allowed for offering and circulation in trade systems of trade organizers.

Article 22. The Rights of Unitholders of the Unit Investment Funds

1. The unitholder of the open-ended or interval unit investment fund shall be entitled to require for buy-out of the unit held by them from the management company of this fund subject to the conditions and procedure stipulated by this Law and regulations of this fund.

2. The unitholder of the closed-ended unit investment fund shall be entitled to participate in a general meeting of unitholders of this fund, periodical receipt of dividends on this unit subject to the conditions and procedure provided for by the regulations of this closed-ended unit investment fund.

3. Unitholders of the unit investment fund shall control the activities of the management company in compliance with the regulations of the unit investment fund.

Article 23. Offering of Units of the Unit Investment Fund

1. Units of unit investment funds shall be paid only in money in the national currency of the Republic of Kazakhstan.

2. In case of offering of units, the money in payment for units of the unit investment fund shall be transferred on the account of the unit investment fund with the custodian of this fund.

3. During the period of an initial public offering, the units of the unit investment fund shall be offered at the equal par value specified in the fund regulations to all investors.

4. An initial public offering of units of the unit investment fund shall last for no more than three months and shall start at the time specified in the fund regulations.

The period of an initial public offering of units of the unit investment fund shall complete when the fund reaches the minimum size of the assets of the unit investment fund specified in the present Law.

5. Upon completion of an initial public offering of units of the unit investment fund, the net asset value of the fund shall be equal, at least, to the minimum size of the assets of the unit investment fund.

The time period of the initial public offering of units of the unit investment fund may be extended one time only by the authorized body' permission on the basis of the application of the management company but for no more than three months.

6. Units of the initial unit investment fund may be purchased on the basis of investor's applications for purchase of the units.

Applications for purchase of units of the unit investment fund are accepted and executed by the management company or its representatives subject to the conditions and procedure provided for by this Law and regulations of this fund.

The application and money receipt shall be the conditions of the units' crediting to the purchaser's personal account in the register of unitholders. The units are credited no later than on the first business day following the day of fulfillment of this condition.

When offering the units, the transaction of entering the units to the purchaser's personal account in the register of unitholders shall be registered on basis of the order issued by the management company.

7. The price of the next unit offering shall be determined by using the price at the end of the business day of money receipt on condition of the application availability. If the application is accepted after money receipt, the unit offering price shall be determined on the basis of the price at the end of the business day of the application submission. The unit offering price may include the surcharge if it is provided for by the fund regulations.

8. It is allowed to refuse in acceptance of applications for purchase of units of unit investment funds in the following cases:

- 1) non-compliance with the procedure and conditions of application submission stipulated by the regulations of the unit investment fund;
- 2) suspension of offering of units of the unit investment fund by the decision of the authorized body or management company;
- 3) failure to comply with other requirements specified by the legislative acts of the Republic of Kazakhstan.

Article 24. Buy-out of Units of the Open-Ended or Interval Unit Investment Fund

1. Units of the open-ended or interval unit investment fund may be bought out at the cost of the money which is in the composition of the assets of the unit investment fund or received from their sales as well as borrowed funds in compliance with the requirements provided for by this Law.

2. Units may not be bought out during the period of the initial public offering of the units of open-ended or interval unit investment funds.

3. Requests for buy-out of units of open-ended or interval unit investment funds shall be presented in the form of the application for unit buy-out.

4. Applications for buy-out of units of the open-ended or interval unit investment fund are accepted by the management company or its representatives before the end of the business day preceding the date of the unit buy-out subject to the conditions and procedure provided for by this Law and regulations of this fund. The money shall be given to the applicant (including crediting the account specified by them) within one business day after the application submission.

5. Applications for buy-out of units of the open-ended or interval unit investment fund are executed at the price determined on the basis of the estimated value of the unit as of the first business day following the day of the application acceptance less the discount if it is provided for by the fund regulations.

6. The management company of the open-ended or interval unit investment fund shall perform the buy-out of the fund units by applications of their holders at the cost, within the terms and time periods stipulated by this Law and regulations of this fund.

If units of the interval unit investment fund are bought out less than once a month, the period of submission of applications for unit buy-out shall be, at least, three business days.

7. In case of introduction of amendments to the regulations of the open-ended and interval unit investment fund which infringe the interests of unitholders, the unitholders of this fund shall be entitled to require for buy-out of the units held by them during the period of thirty calendar days before the said amendments become effective.

8. It is allowed to refuse in acceptance of applications for buy-out of units of unit investment funds in the following cases:

- 1) non-compliance with the procedure and conditions of application submission stipulated by the regulations of the unit investment fund;
- 2) adoption of the decision on suspension of buy-out of the fund units in the order provided for by this Law.

Article 25. Surcharges and Discounts in Case of the Next Offering or Buy-out of Units of the Unit Investment Fund

1. The regulations of the unit investment fund may provide for the conditions and amounts of surcharges of the units in case of their next offering or discounts of the estimated value of the units in case of their buy-out by the management company.

2. The maximum discount shall not exceed three percent of the unit estimated value of the unit investment fund in case of its buy-out by the management company.

3. In case of buy-out of units of the unit investment fund in the result of its disestablishment or due to introduction of amendments to the regulations of the open-ended or interval unit investment fund, the unit estimated value may not be discounted.

Article 26. Suspension of Offering or Buy-out of Units of the Unit Investment Fund

1. Offering and (or) buy-out of units of the unit investment fund shall be suspended:

1) by the order of the authorized body in case of violation or impossibility of performance of requirements of the laws of the Republic of Kazakhstan or contractual obligations by the persons/entities ensuring performance of the unit investment fund or by the persons/entities which financial instruments or other property are included in the composition of the assets of the unit investment fund;

2) by the management company in compliance with the regulations of the open-ended or interval unit investment fund.

2. In case of suspension of buy-out of units of the open-ended or interval unit investment fund, offering of this fund units shall be suspended simultaneously.

3. Offering and/or buy-out of units may be suspended for an indefinite time period until the violations caused such suspension are eliminated.

4. If it is required to suspend offering and/or buy-out of units, on the same day the management company shall inform the authorized body of it in writing including the grounds for such suspension and measures for their elimination.

The management company shall be obliged to inform the authorized body of renewal of offering and/or buy-out on the day of offering and/or buy-out commencement.

5. The authorized body shall be entitled to forbid the management company to suspend offering and/or buy-out of units of the unit investment fund if it does not comply with the interests of the fund unitholders as well as to prohibit renewal of offering and/or buy-out until the violations caused such suspension are eliminated.

6. The management company shall suspend offering and/or buy-out of units of the unit investment fund from the time it receives the notice of suspension sent by the authorized body or from the time of withdrawal of the management company's, registrar's or custodian's license to perform a corresponding type of the professional activities at the securities market until the date of the license renewal,

appointment of another management company, registrar, another custodian of the fund or fund disestablishment.

7. The management company shall be entitled to provide for in the regulation of the open-ended or interval unit investment fund a possibility for suspension of units offering to a definite period subject to obligatory informing of mass media information on suspension of offering not later, than thirty calendar days prior to the date of suspension.

Article 27. The Regulations of the Unit Investment Fund

1. The regulations of the unit investment fund shall include:

- 1) full and short name of the unit investment fund;
- 2) full name and address of the management company of the unit investment fund;
- 3) full name and address of the custodian of the unit investment fund, its rights and obligations;
- 4) full name and address of the registrar keeping the system of registers of unitholders of the unit investment fund;
- 5) full name of audit firms conducting the audit, the management company and custodian of the unit investment fund;
- 6) investment declaration;
- 7) the procedure and terms of bringing the assets of the unit investment fund in compliance with the requirements of the investment declaration;
- 8) the period during which the unit investment fund will exist or the indication of its perpetual existence;
- 9) the agreement of the trust management of the assets of the unit investment fund;
- 10) description of investor's risks in case of investing in the units of the unit investment fund;
- 11) rights and obligations of the management company of the unit investment fund;
- 12) the par value of the unit of the unit investment fund at the time of the initial public offering;
- 13) the conditions and procedure of submission and execution of applications for purchase of units of the unit investment fund;
- 14) rights and obligations of unitholders of the unit investment fund;
- 15) the procedure of registration and determination of the value of units of the unit investment fund and estimated value of the unit;
- 16) the conditions of application and procedure of calculation of surcharges of the estimated value of units in case of their offering;
- 17) the types, procedure of determination and maximum amounts of expenses and remuneration of the management company and other persons/entities ensuring the performance of the unit investment fund to be paid out of the assets of this fund;

18) the conditions and procedure of replacement of the management company, registrar or custodian if they are not able or refuse to fulfill the activities ensuring the existence of the unit investment fund;

19) the conditions and procedure of suspension of offering of units of the unit investment fund;

20) the conditions and procedure of disestablishment of the unit investment fund including buy-out of the units, in case of the fund disestablishment, indicating the name of the print where the information on the unit investment fund disestablishment shall be published;

21) the conditions and procedure of submission of the reports at requests of the unitholders;

22) the conditions and procedure of the information disclosure to the unitholders on the unit investment fund, its regulations and amendments to them, changes in the net asset value and unit estimated value, cost of offering and buy-out of the unit as well as persons/entities ensuring existence of the unit investment fund, results of their performance;

23) the list of the management company representatives with regard to offering and buy-out of units of the unit investment fund (if any) specifying the telephone numbers and location;

2. In addition to the information specified in Paragraph 1 of this Article, the regulations of the open-ended or interval unit investment fund shall include:

1) the conditions and procedure of submission and execution of the application for unit buy-out;

2) the conditions and procedure of suspension of unit buy-out;

3) the conditions of application and procedure of calculation of the discount of the unit estimated value in case of its buy-out by the management company;

4) the conditions and procedure of introduction of amendments to the regulations of the unit investment fund by the management company;

5) the conditions of exchange of the units, by the unitholders' request, for the units of another open-ended or interval unit investment fund which is in the trust management of the same management company, conditions and procedure of the unit exchange by the fund management company, custodian and registrar;

6) the information on the mass media in which the information on the unit investment fund will be published in the order stipulated by the this Law and the fund regulations.

3. In addition to the information specified in Paragraph 1 of this Article, the regulations of the closed-ended unit investment fund shall include:

1) the conditions and procedure of accrual and payment of dividends on units;

2) the conditions and procedure of convening of a general meeting of unitholders of the unit investment fund, the procedure of the agenda determination, representation at a general meeting, voting procedure, vote calculation and minutes-taking.

Article 28. Amendments to the Regulations of the Unit Investment Fund

1. The regulations of the open-ended or interval unit investment fund may be amended by the decision of the management company if the possibility, conditions and procedures of amendments are provided for by the regulations of this fund.

2. Amendments to the regulations of the closed-ended unit investment fund may be introduced by the decision of the general meeting of the unitholders.

Unitholders, who voted against making changes and supplements in the regulations of the closed-ended unit investment fund, derogating their rights, shall be entitled to demand from the management company redemption of units belonging to them within thirty calendar days after publication in the printed media or reception according to the procedure, established by regulations of the unit investment fund, text of those changes and supplements with indication of their coordination with the authorized body irrespective of the unitholder's right availability for redemption of units in regulations of the unit investment fund.

3. Amendments to the regulations of the unit investment fund shall be agreed with the authorized body.

4. At the time of the initial public offering of units of the unit investment fund, the fund regulations may be amended only with regard to the changes in the name or location of the management company, custodian or registrar, making agreements with another custodian or audit company as well as changes in the list of intermediate parties for offering and buy-out of units of the unit investment fund.

5. The authorized body shall consider amendments to the regulations of the unit investment fund within thirty calendar days from the time of their submission by the management company.

6. If the submitted documents comply with the requirements stipulated by the laws of the Republic of Kazakhstan, the authorized body shall approve the amendments to the fund regulations.

The authorized body may make the decision on refusal in approval of amendments to the regulations of the unit investment fund if:

1) the submitted documents do not comply with the requirements specified by the laws of the Republic of Kazakhstan;

2) there is inconsistent and misleading data in the amendments to the regulations of the unit investment fund submitted for approval.

7. Amendments to the regulations of the unit investment fund shall become effective in thirty calendar days after publishing in the print or receipt of the text of these amendments indicating their approval with the authorized body by all unitholders in the order stipulated by the fund regulations.

Amendments to the regulations of the unit investment fund connected with the changes in the name, location of the management company, custodian or registrar, changes in (election of new) audit firms as well as changes in the list of intermediate parties for offering and buy-out of units of the unit investment fund shall become effective by applying the procedure stipulated by the fund regulations and shall not be subject to approval with the authorized body.

Article 29. Remuneration and Expenses Connected with Existence of the Unit Investment Fund

1. The types, procedure of determination and maximum amounts of the remuneration and expenses connected with existence and disestablishment of the unit investment fund, conditions and procedure of payment at the cost of the assets of this fund shall be determined by the regulations of this unit investment fund.

The types of the remuneration and expenses unspecified in the regulations of the unit investment fund shall not be paid at the cost of the assets of the unit investment fund.

2. At the time of the initial public offering of units of the unit investment fund, remuneration of the management company shall be accrued but not paid.

Remuneration and expenses for this period with regard to performance of the unit investment fund including payment for services of the custodian and registrar shall be paid at the cost of the management company's own funds with further compensation of the expenses at the cost of the assets of the unit investment fund. If the unit investment fund is disestablished prior to the end of the period of the initial public offering of the units or due to inconsistency of the net asset value with the minimum amount after the initial public offering of the units, the management company shall accept the risk of losses concerning compensation of expenses incurred at the time of initial public offering of the fund units.

Article 30. The General Meeting of Unitholders of the Closed-Ended Unit Investment Fund

1. The general meeting of unitholders is held only in closed-ended unit investment funds.

2. The exclusive competence of the general meeting of unitholders of the closed-ended unit investment fund includes the following:

- 1) introduction of amendments to the fund regulations;
- 2) disestablishment of the fund;
- 3) merger of the fund with another closed-ended unit investment fund or change of the fund for an open-ended or closed one;
- 4) replacement of the management company, registrar or custodian of the company;
- 5) other issues pursuant to the fund regulations.

3. The number of votes given to the unitholder for voting shall be determined by the number of the units held by it.

4. The general meeting of unitholders of the closed-ended unit investment fund shall be entitled to make decisions participating in the voting procedure of unitholders or their representatives holding, at least, two thirds of the fund units as of the date of the general meeting.

5. Decisions of the general meeting shall be adopted by a simple majority of votes of unitholders of the closed-ended unit investment fund or their representatives participating in the general meeting.

6. The general meeting of unitholders of the closed-ended unit investment fund may make a decision through the absentee voting in the order stipulated by the fund rules.

7. Representatives of the management company, registrar and authorized body shall be entitled to attend a general meeting of unitholders of the closed-ended unit investment fund.

8. The management company shall send a copy of minutes of a general meeting of unitholders of the closed-ended unit investment fund to the authorized body and unitholders, at their request, within three business days from the day of the general meeting.

Article 31. Convening of a General Meeting of Unitholders of the Closed-Ended Unit Investment Fund

1. A general meeting of unitholders of the closed-ended unit investment fund shall be convened on the initiative of the management company or by written request of the unitholders making up, at least, one third of the total number of units as of the date of submission of the request for convening of a general meeting of the unitholders of this fund.

When making the decision on termination of the agreement for trust management of the closed-ended unit investment fund, the management company shall be obliged to convene a general meeting of the unitholders to solve the issue on transfer of the fund assets in management of another management company or on the fund disestablishment.

2. The management company shall incur the expenses for convening and holding of a general meeting on the initiative of the management company. In this case, the fund regulations may provide for partial compensation of the management company's expenses for a general meeting of unitholders of the unit investment fund on its initiative at the cost of the assets of this fund.

3. If a general meeting is convened on the initiative of the unitholders holding the units making up, at least, one third of the total number of the units as of the date of submission of the request for convening of a general meeting of the unitholders of this fund, the expenses for convening and holding of the general meeting shall be compensated at the cost of the assets of the unit investment fund.

4. The written request of unitholders for convening of a general meeting of unitholders of the closed-ended unit investment fund shall include the grounds for its convening as well as the agenda of the general meeting.

The written request of convening of the general meeting shall be sent to the management company, custodian and registrar of the unit investment fund with simultaneous notification of the authorized body.

5. The notice of convening of a general meeting of unitholders of the closed-ended unit investment fund shall be published in compliance with the regulations of the unit investment fund in the print or shall be brought to the notice of every unitholder of this fund pursuant to the regulations of this fund.

Article 32. An Adjourned General Meeting of Unitholders of the Closed-Ended Unit Investment Fund

1. An adjourned general meeting of unitholders of the closed-ended unit investment fund convened due to absence of a quorum shall be considered qualified regardless of the number of the units participating in this voting except for adjourned general meetings which agenda includes the issues on introduction of amendments to the regulations of the closed-ended unit investment fund or its disestablishment.

2. To solve the issues on introduction of amendments to the regulations of the closed-ended unit investment fund or its disestablishment, an adjourned general meeting of unitholders may make decisions if by the end of the registration (acceptance of ballots in case of the absentee voting) the unitholders or their representatives holding, in aggregate, fifteen and more percent of the units have been registered (have submitted ballots for voting) as of the date of the general meeting (absentee voting).

3. An adjourned general meeting of unitholders of the closed-ended unit investment fund shall be held no earlier than in fourteen calendar days from the date of the meeting with the same agenda.

Article 33. The Grounds for Disestablishment of the Unit Investment Fund

1. The unit investment fund may be disestablished in the following cases:

1) expiry of the term for which the unit investment fund has been established in compliance with the fund regulations;

2) non-compliance of the net asset value of the unit investment fund, after the initial public offering of the unit, with the requirement to the minimum size of the assets of the unit investment fund;

3) non-compliance of the net asset value of the unit investment fund, in the result of execution of applications for buy-out of the units, with the requirement to the minimum size of the assets of the unit investment fund and failure to cure this non-compliance within two months from the date of its creation;

4) the decision made by the management company or custodian on refusal from further performance of the obligations for assets management or registration and custody of the fund assets due to impossibility to further fulfill the obligations assumed under the agreement and if the amendments to the regulations of the unit investment fund concerning appointment of a new management company or new custodian have not become effective within three months from the date the given decision was made;

5) suspension of the license of the management company, custodian or registrar for performance of the corresponding type of the professional activities at the securities market and if the license has not been renewed or the amendments to the regulations of the unit investment fund concerning appointment of a new management company, new custodian or new registrar have not become effective during three months;

6) withdrawal of the license of the management company, custodian or registrar for performance of the corresponding type of the professional activities at the securities market and if the amendments to the regulations of the unit investment fund concerning appointment of a new management company, new custodian or new registrar have not become effective during two months from the time of the license withdrawal;

7) adoption of the decision on the fund disestablishment by the general meeting of the unitholders of the closed-ended unit investment fund;

8) on other grounds provided for by the legislative acts of the Republic of Kazakhstan.

2. It is prohibited to dispose of the assets of the unit investment fund except for sales with the purpose of settlements with creditors, payment for expenses connected with the fund disestablishment and return of the remaining money to the unitholders from the time of creation of the ground for disestablishment of the unit investment fund.

Article 34. The Persons / Entities Carrying out Disestablishment of the Unit Investment Fund

1. The fund management company may disestablish the unit investment fund. The management company shall convene and hold a general meeting of the unitholders in order to disestablish the closed-ended unit investment fund.

2. In case of suspension or withdrawal of the license of the management company of the unit investment fund, the custodian may disestablish this fund.

3. In case of suspension or withdrawal of the license of the custodian, the fund disestablishment shall be carried out by the management company regardless of the validity of its license.

4. In case of the fund disestablishment, the management company and/or custodian shall ensure sales of the fund assets, settle with creditors of the unit investment fund, pay the expenses for the fund disestablishment and allocate the remaining money among the unitholders in compliance with the requirements of this Law and the fund regulations.

5. The authorized body shall be entitled to refer its representative to control the procedure of disestablishment of the unit investment fund.

Article 35. Disestablishment of the Unit Investment Fund

1. Within three business days from the time of creation of the grounds for the fund disestablishment, the management company or custodian shall:

1) inform the unitholders, authorized body, organizations providing for existence of the unit investment fund, fund creditors and parties to unexecuted transactions with the fund assets about disestablishment of the unit investment fund, conditions and procedure of the disestablishment;

2) send to the registrar the request to stop transactions on personal accounts in the register of the unitholders of this fund specifying the date of de-registration of transactions in the register of the unitholders.

The information on disestablishment of the unit investment fund and de-registration of transactions shall be brought to the notice of the above mentioned persons/entities subject to the conditions and procedure provided for by the fund rules.

The term for bringing creditors' claims to be settled at the cost of the assets of the unit investment fund shall be equal to one month, at least, from the time of their notification of the fund disestablishment.

2. The management company or custodian shall return the money to unitholders within ten days from the time of creation of the grounds for the fund disestablishment in case of disestablishment of the unit investment fund before the end of the term for initial public offering of its units or due to incompliance of the net asset value with the minimum size of the assets of the unit investment fund after completion of the initial public offering of the units.

3. The management company or custodian shall take measures to reveal the creditors which claims shall be settled at the cost of the fund assets and to receive those assets of the unit investment fund which have been paid for but not supplied (not registered as the fund property) during the term of its existence.

4. At the expiry of the term for bringing creditors' claims to be settled at the cost of the assets of the unit investment fund and before the settlements with the specified creditors, the management company and/or custodian of the fund shall send to the authorized body the information on the contents and value of the assets of the unit investment fund, paid but undelivered fund assets as well as the report on the results of examination of the data specified and further actions.

Article 36. Performance of the Obligations for Disestablishment of the Unit Investment Fund

1. The money received from sales of assets of the unit investment fund, except for the case provided for by Paragraph 2 [Article 35](#) hereof, shall be allocated as follows:

1) firstly, it is required to pay for expenses of third parties ensuring existence of the unit investment fund and other creditors, the fund liabilities to which were created before the grounds for disestablishment arose, as well as third parties which applications for purchase or buy-out of units were executed in part (persons/entities paid for the units but not entered in the register of the fund unitholders and unitholders which applications for buy-out of units were accepted before arising of the grounds for the fund disestablishment);

2) secondly, it is required to pay for expenses of the persons/entities providing for sales of the assets and buy-out of units of the unit investment fund at the time of its disestablishment except for the management company and custodian of the unit investment fund;

3) thirdly, it is required to pay for expenses of the custodian of the unit investment fund connected with the fund disestablishment if the fund is disestablished on the grounds which do not depend on the custodian's activities or validity of its license for custodial activities;

4) fourthly, it is required to pay for expenses of the management company connected with the fund disestablishment if the fund is disestablished on the grounds which do not depend on the management company's activities or validity of its license for the investment portfolio management;

5) fifthly, it is required to pay for expenses of the registrar connected with the fund disestablishment if the fund is disestablished on the grounds which do not depend on the registrar's activities for expenses of the registrar of the unit investment fund;

6) sixthly, it is necessary to allocate the money among the unitholders.

2. If the unit investment fund is disestablished due to the fact that after the initial public offering of the units the net asset value of the unit investment fund is less than the minimum size determined hereby, the management company's expenses connected with the fund disestablishment procedure shall not be compensated at the cost of the assets of the unit investment fund.

3. Expenses of the management company or custodian connected with the fund disestablishment procedure shall not be compensated at the cost of the assets unit investment fund if the fund is disestablished due to suspension (withdrawal) of the management company's license for investment portfolio management or its refusal from further trust management of the fund as well as due to suspension (withdrawal) of the fund custodian's license to perform custodial activities or its refusal from further registration and custody of the fund assets.

4. The expenses for disestablishment of the unit investment fund including remuneration of the management company and custodian shall be compensated at the cost of the assets of the unit investment fund in the amount which does not exceed five percent of the money received from sales of all assets of the unit investment fund.

5. Within fourteen days upon completion of settlements, the management company or custodian of the unit investment fund shall provide the authorized body with the information on the fund disestablishment pursuant to this Article including:

1) the notice to the fund custodian of allocation of all the assets of this fund;

2) the notice to the registrar of closing of the systems of registers of unitholders of this fund.

6. Upon receipt of the documents about disestablishment of the unit investment fund, the authorized body shall enter the data on redemption of the units in the State Register of Equity Securities.

Chapter 4. The Composition and Value of the Assets of the Unit Investment Fund

Article 37. The Composition of Assets of the Investment Fund

1. The assets of open-ended and interval unit investment funds are financial instruments.

2. The assets of joint-stock (except for real estate investment funds) and closed-ended unit investment funds are financial instruments and/or other property subject

to the conditions and procedure provided for by this Law, investment declaration or regulations of the fund.

In this Law other property shall mean the following objects of investments:

1) shares in charter capitals of legal entities which are not joint-stock companies;

2) land plots, buildings and constructions;

3) real estate objects under construction and reconstruction, design and estimate documents;

3-1) rights to claim, arising out of the participatory interest contracts in construction, concluded by the management company at the expense and in the interests of the unit investment fund;

4) land use and subsurface use rights.

When investing the assets of the investment fund in property, enumerated in sub-paragraphs 1)-4) of the present paragraph, this property shall be subject to mandatory valuation of the independent appraiser.

2-1. The assets of real estate investment funds include:

1) buildings and constructions as well as the land plots on which these buildings and constructions are located;

2) production stock and fixed assets required for maintenance of buildings and constructions;

3) money and financial instruments the list of which is determined by the authorized body.

Assets of the real estate investment fund shall not include the real estate under construction or reconstruction and design and estimate documents.

When investing the assets of the real estate investment fund in property, this property (except for securities and money) shall be subject to mandatory valuation of the independent appraiser.

3. Other property, except for financial instruments, of the joint-stock investment fund, apart from real estate investment funds or closed-ended unit investment funds, may amount to no more than thirty percent of the net asset value of this fund.

The requirement specified in this Paragraph shall not apply to venture capital funds.

3-1. The real estate shall be, at least, eighty percent of the net asset value of the real estate investment fund.

The property included in the assets of the real estate investment fund shall be insured and/or real estate investment fund shall form the reserve fund to the amount of these assets.

3-2. At least fifty percent of the investment income of the real estate investment funds shall be the income on lease of the real estate.

4. Investments outside the Republic of Kazakhstan may be assets of the investment fund subject to the conditions and procedure specified by the regulatory legal act of the authorized body.

5. Assets of the investment fund shall not include:

1) shares and units issued by investment funds under the management of the management company of this investment fund except for the cases specified herein;

2) assets issued (provided) by the management company of this investment fund;

3) shares of and interests in non-commercial organizations;

4) financial instruments of the same type of one legal entity in the amount of fifteen and more percent of their total amount except for government securities of the Republic of Kazakhstan and agency bonds of financial agencies of the Republic of Kazakhstan.

The requirement of Sub-paragraph 4) of this Paragraph shall not be applied to venture capital funds.

5-1. The composition of assets of the real estate investment fund shall be brought in compliance with the requirements of this Article within twelve months from the date of registration of issue of the real estate investment fund shares.

If requirements or limitations to the composition of the assets of the real estate investment fund are violated in the result of any transactions with the assets of the real estate investment fund, within one day following the day of this event the real estate investment fund shall inform the authorized body and bring the composition of the assets in compliance with the requirements of this article within six months from the date of such changes in the composition of the assets of the real estate investment fund.

6. The aggregate investment volume of the assets of investment funds under management of one management company and own assets of the management company in voting shares of licensee of the financial market shall be less than the amount requiring the authorized body' consent with their purchase.

7. The assets of the investment fund shall be invested in the securities of the issuer or financial instruments issued (provided) by one person/entity exceeding:

1) fifteen percent of the net asset value as for the open-ended or interval unit investment fund or real estate investment fund;

2) twenty percent of the net asset value as for the joint-stock investment fund or closed-ended investment fund;

3) thirty of percent of the net asset value as for the venture capital fund.

8. Before completion of the initial public offering of units of the unit investment fund, its assets may be deposited in the national currency of the Republic of Kazakhstan with second-tier banks which are not affiliated with regard to the management company of the unit investment fund which securities are included in the highest category list of the trading organizer.

9. Other requirements to the composition of assets of the investment fund except for those specified herein shall be determined in the investment declaration of this fund.

Article 38. Registration and Assessment of Assets of the Investment Fund

1. Registration and assessment of assets of the investment fund, net assets of the investment fund, estimated value of the unit of the unit investment fund and

price of buy-out of shares of the joint-stock investment fund shall be carried out subject to the conditions, according to the techniques and procedure determined by the International Financial Reporting Standards, laws of the Republic of Kazakhstan on accounting and financial reporting, [regulatory legal act](#) of the authorized body as well as investment declaration of the joint-stock investment fund or regulations of the unit investment fund.

2. Assets of the investment fund shall be assessed in the national currency of the Republic of Kazakhstan.

3. The authorized body may give mandatory instructions to management companies if methods of registration and assessment are applied incorrectly or the value of assets of the investment fund, net assets of the investment fund, estimated value of the unit of the unit investment fund and price of buy-out of shares of the joint-stock investment fund are determined inaccurately.

Chapter 5. Management of Assets of the Investment Fund

Article 39. The Investment Declaration of the Investment Fund

1. The investment declaration shall include:

- 1) description of the goals and objectives of the investment fund policy;
- 2) the list of investment objects of the investment fund, types of transactions, investment conditions and limits;
- 3) conditions of hedging and diversification of the investment fund;
- 4) description of risks connected with investments in the object specified by the investment declaration;
- 5) the investment policy limits provided for by this Law;
- 6) indication of the possibility of transactions with derivatives, assets sale and repurchase transaction as well as execution of any transactions at the unorganized securities market;
- 7) for real estate investment funds: description of the risks arising when investing the fund assets in the property as well as arrangements aimed at their reduction.

2. Apart from the data specified in Paragraph 1 of this Article the investment declaration of the joint-stock investment fund shall contain:

- 1) the full name of the management company (if any), custodian, registrar and audit organization of the joint-stock investment fund, details of the licenses and addresses;
- 2) the procedure of registration and assessment of the assets of the joint-stock investment fund and the value of its shares;
- 3) the types, estimation procedure and maximum amounts of expenses and remuneration paid to the management company, custodian, registrar and other persons/entities out of the assets of the joint-stock investment fund;
- 4) the dividend policy.

3. Amendments to the investment declaration of the joint-stock investment fund shall be submitted to the authorized body for agreement within three business days from their approval.

Amendments to the investment declaration of the joint-stock investment fund shall become effective in thirty calendar days after publishing in the print or upon receipt by all the shareholders in the order specified by the fund's charter, text of these amendments indicating their approval with the authorized body.

Article 40. The Activities of the Management Company of the Investment Fund

1. The management company shall perform trust management of the investment fund on behalf of the shareholders or unitholders of this fund by carrying out the activities pursuant to the requirements determined by this Law, standard legal acts of the authorized body, trust management agreement, investment declaration or agreed regulations of the unit investment fund.

2. The management company of the unit investment fund shall be a representative of unitholders at a general meeting of shareholders of the joint-stock company which shares are included in the composition of assets of this fund.

3. The management company of the investment fund may initiate introduction of amendments to the investment declaration or rules of the fund subject to the conditions and procedure provided for by this law, trust management agreement or fund regulations.

4. The management company may be a representative of unitholders of the unit investment fund in connection with the activities of trust management of the fund assets as well as bring cases before courts on behalf of the unitholders.

5. The management company of the investment fund may not be an insurance (re-insurance) company.

6. In case of insufficiency of the investment fund property, the debts in the result of improper management of the investment fund property may be recovered only by using the own property of the management company.

Article 41. Limitations Connected with the Management of the Investment Fund Assets

1. In relation to the managed investment fund, the management company may not:

1) perform transactions in the result of which the requirements stipulated by the [legislation](#) of the Republic of Kazakhstan, investment declaration or investment fund regulations will be violated;

2) make investment decisions on gratuitous alienation of the investment fund assets;

3) use the investment fund assets to secure the liabilities of its own or of third parties which are not connected with the activities of management of the assets of this investment fund;

4) sell (transfer) the assets owned by it with the purpose of inclusion in the composition of the assets of the investment fund;

5) sell the assets on credit;

6) receive, under the terms and conditions of loan agreements, the money and other property to be returned at the cost of the assets of the investment fund except

for the cases of transactions with financial instruments performed in trade systems of trading organizers pursuant to the investment declaration or investment fund regulations or use of borrowed money to buy-out shares or units of the investment fund if the fund assets in the form of money are not sufficient subject to the terms and conditions provided for by Paragraph 2 of this Article;

7) purchase assets of the investment fund under its management except for the cases of compensation of expenses and receipt of remuneration in compliance with the trust management agreement, investment declaration or regulations of the investment fund as well as compensation of the amount of the money used by the management company to buy-out units of the open-ended or interval unit investment fund subject to the conditions stipulated in Paragraph 2 of this Article;

8) purchase assets of another investment fund under its management in the composition of the investment fund assets except for the transactions made in the trade systems of trading organizers at open auctions;

9) purchase investment objects from affiliated companies of the management company at the cost of the investment fund assets or sell them assets of the investment fund under the management of this company except for the transactions made in the trade systems of trading organizers at open auctions;

10) purchase securities issued by the custodian, registrar keeping the register of unitholders of this fund as well as by their affiliated companies at the unorganized securities market with the purpose of their inclusion in the composition of the assets of the investment fund;

11) perform unsecured transactions (short sales) or assume obligations for transfer of the assets which are not included in the composition of the investment fund assets at the time of assumption of such obligations;

12) carry out transactions with derivatives except for the transactions made with the purpose of hedging of the investment fund assets subject to the procedure specified by the authorized body as well as transactions with depositary receipts and options of the issuer of the underlying asset.

13) to specify in advertising and mass media information on profitability of investment activity of the investment fund for the period less than one year.

The requirements specified in Sub-Paragraph 6) of this Paragraph shall not be applied to the real estate investment funds subject to the conditions provided for by the fourth part of Paragraph 2 of this Article.

2. The total amount of debt to be redeemed at the cost of the investment fund assets, for any types of loans received to buy out shares or units, shall not exceed ten percent of the net asset value of the investment fund.

The term of loans received to buy out shares or units (including the extension term) shall not exceed three months.

The interest on the loans received to buy out units of the open-ended or interval unit investment fund shall be paid at the cost of the own funds of the management company.

The aggregate amount of the debt to be redeemed at the cost of the assets of the real estate investment fund for any types of loans shall not exceed sixty percent of the value of the assets of the real estate investment fund.

Article 42. Obligations of the Management Company of the Investment Fund

1. The management company of the investment fund shall be obliged to:

1) assess the value, register the flows, composition and value of assets of the investment fund as well as assess the value of units in case of their offering or buy-out in the future;

2) keep separately accounting records of units of the unit investment fund and submit the reporting in compliance with the requirements provided for by the laws of the Republic of Kazakhstan;

3) reconcile the value, flows and composition of assets of the investment fund with the custodian on a regular basis but, at least, once a month;

4) inform the joint-stock investment fund or unitholders of the unit investment fund of the composition and value of the fund net assets as well as estimated value of the unit of the unit investment fund pursuant to the trust management agreement or fund regulations on a regular basis but, at least, once a month;

5) disclose the information on the investment fund according to the requirements stipulated hereby.

2. When making transactions with the assets of the investment fund, the management company shall specify the name of the investment fund on which behalf it acts. Should the management company violate this requirement, it shall fulfill the obligations assumed at its own cost and expense.

3. Within three business days after completion of the initial public offering of units of the unit investment fund, the management company and custodian shall estimate the net asset value of the unit investment fund and submit **the report on the results of the initial public offering of the units** to the authorized body.

Chapter 6. Registration and Custody of Assets of the Investment Fund

Article 43. Custody of Assets of the Investment Fund

1. The custodian shall register and keep assets of the investment fund in custody separately from own assets of the custodian and its other clients.

2. With the purpose of registration and keeping of the investment fund assets in custody as well as for settlements in transactions connected with trust management of the fund assets, the custodian shall open (maintain) accounts of the investment fund indicating that the management company of the fund carries out trust management of accounts.

3. It is not allowed to enforce recovery on assets of the investment fund for obligations of the shareholder or unitholders, management company or custodian of the fund including in the cases of liquidation and/or bankruptcy of the above mentioned entities.

Recovery may be enforced on the shares and units held by the shareholders or unitholders of the unit investment fund for their obligations.

4. Should the management company or registrar of the investment fund be declared insolvent or bankrupt, assets of the investment fund shall not be included in the bankruptcy (liquidation) assets.

Article 44. Obligations of the Custodian of the Investment Fund

The custodian shall be obliged to:

- 1) exercise control over offering and buy-out of shares or units of the investment fund;
- 2) exercise control over transactions with the assets of the investment fund and block (not execute) orders of the management company if they do not comply with the requirements specified by the laws of the Republic of Kazakhstan, investment declaration of the joint-stock investment fund or regulations of the unit investment fund subject to immediate notification of the authorized body, management company and executive body, if it is a joint-stock investment fund, of it.
- 3) register the value, flows and composition of assets of the investment fund as well as assess the value of units in case of their future offering or buy-out;
- 4) reconcile the value, flows and composition of assets of the investment fund with the management company on a regular basis but, at least, once a month;
- 5) transfer assets and documents of the fund to a new custodian in case of termination of the custodial agreement for registration and keeping of the investment fund assets in custody;
- 6) inform the authorized body in writing of the revealed violations in the activities of the management company of the investment fund no later than on the next day from the time they are disclosed;
- 7) choose a new management company of the open-ended or interval unit investment fund or ensure convening of a general meeting of the unitholders of the closed-ended unit investment fund subject to the conditions and procedure provided for by the fund regulations or disestablish the unit investment fund in case of withdrawal of the license of the management company for management of the investment portfolio.

Chapter 7. Disclosure of the Information on the Investment

Article 45. Requirements to the Information on the Investment Fund

1. The information on the investment fund shall correspond to the requirements stipulated by the laws of the Republic of Kazakhstan, charter, investment declaration, prospectus of the joint-stock investment fund and regulations of the unit investment fund.

2. The information on the investment fund shall include:

- 1) the name of the investment fund, the name, date of issue and number of the license of its management company, the number and date of registration of the regulations of the unit investment fund;
- 2) the information on locations (including addresses and phone numbers) where detailed information on the investment fund may be obtained;
- 3) indication of the fact that the value of shares or units may be increased or decreased, results of investment in the past do not determine the results in the future, the state does not guarantee the return of investments in investment funds as well as the notice of necessity to familiarize with the charter of the joint-stock

investment fund, its prospectus and regulations of the unit investment fund before purchase of shares or units of the investment fund.

3. The information on the investment fund and management company shall not contain invalid or misleading data including:

1) guarantees of future return of investment activities of the joint-stock investment fund or management company including those based on the information on their actual activities in the past;

2) statements of the factors which may influence significantly the results of the investment activities of the management company referred to any event or time period occurred more than three years ago;

3) comparison of indicators of the investment activities of the management company which are not based on actual estimation of returns and net asset value of the investment fund;

4) statements of future investments containing the guarantee of security of investments and stability of amounts of possible returns or expenses connected with the given investments;

5) exaggerated or unconfirmed statements of management skills or features of the joint-stock investment fund or management company and their relationships with state authorized body or other persons/entities.

4. The joint-stock investment fund, management company of the unit investment fund shall bear responsibility for the contents of the information on their activities, indicators characterizing the composition and net asset value of the investment fund including for dissemination or publishing of inaccurate, incomplete or misleading information as well as for untimely dissemination or publishing of the information pursuant to the laws of the Republic of Kazakhstan.

5. The information on the venture capital fund may not be published in the **mass media** and disseminated by using **outdoor (visual) advertising**, except for cases of notification of shareholders and unitholders on making changes and (or) supplement into the rules and regulation of the fund, convening of the general meeting of shareholders of the joint-stock investment fund and the general meeting of unitholders of the closed-ended unit investment fund, suspension of units offering, liquidation of the joint-stock investment fund and termination of the unit investment fund existence.

Article 46. The Information Representation by the Joint-Stock Investment Fund or Management Company of the Unit Investment Fund

1. At the places of acceptance of applications for purchase and/or buy-out of shares or units, the joint-stock investment fund or management company of the unit investment fund and their representatives shall provide potential investors, shareholders or unitholders with:

1) the charter, investment declaration, prospectus of the joint-stock investment fund or regulations of the unit investment fund with all amendments thereto;

2) the information on composition and value of assets of the investment fund, net asset value of the investment fund and estimated value of one unit as of the last reporting date;

3) extracts from the auditors' report of the joint-stock investment fund, management company or custodian of the investment fund including the results of the audit of their activities ensuring performance of the investment fund for the last financial year;

4) the information on possible and actual amounts of remuneration and expenses of the joint-stock investment fund, management company, custodian and other entities, ensuring existence of the investment fund, to be compensated at the cost of assets of the investment fund for any last period;

5) the information on sanctions applied against the management company and custodian of the investment fund in connection with their activities of management, registration and custody of assets of the investment fund;

6) other information provided by the joint-stock investment fund, management company of the unit investment fund pursuant to the requirements of the laws of the Republic of Kazakhstan, prospectus or regulations of the fund.

2. Potential investors, shareholders or unitholders shall be provided with the information on the costs of offering and buy-out of shares or units of the investment fund, technique of determination of the estimated value of one unit, net asset value of the fund (including per share value in case of its buy-out or per unit value) as of the latest reporting date as well as on the terms, time of beginning and completion of acceptance of applications for purchase or buy-out of shares or units, in the events of suspension or renewal of offering, buy-out of shares or units of the fund, representatives in case of offering or buy-out of shares or units subject to the conditions and procedure specified in the charter, prospectus and investment declaration of the joint-stock investment fund or regulations of the unit investment fund.

3. Should the decision on suspension or renewal of the process of offering and/or buy-out of shares or units be made, the joint-stock investment fund or management company of the unit investment fund shall publish (provide) the notice of it including the grounds within five calendar days from the date of this decision being made.

Chapter 8. Final Provisions

Article 47. Responsibilities for Violation of this Law

Violation of this Law shall imply the responsibility in compliance with the laws of the Republic of Kazakhstan.

Article 48. On the Annulment of the Law of the Republic of Kazakhstan “On Investment Funds in the Republic of Kazakhstan”

To annul the **Law** of the Republic of Kazakhstan dated March 6, 1997 “On Investment Funds in the Republic of Kazakhstan” (Reports of the Parliament of the Republic of Kazakhstan, 1997, No.5, Article 57; No.13-14, Article 205; 1998, No.17-18, Article 224; 2003, No.11, Article 56).

President

of the Republic of Kazakhstan

N. NAZARBAYEV