

On Currency Regulation

Law of the Republic of Kazakhstan No. 54 of 24 December 1996

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This Law defines the principles and the procedures for the currency operations in the Republic of Kazakhstan, the rights and liabilities of currency operations participants, and the responsibility for the infringement of currency legislation¹.

Chapter I. General Provisions

Article 1. Currency regulation of the Republic of Kazakhstan

The currency regulation of the Republic of Kazakhstan is based on the constitution of the Republic of Kazakhstan and comprises this Law and other legal acts of the Republic of Kazakhstan and regulatory legal acts by the currency regulation bodies².

Article 1-1. The main terms and definitions used in the Law

This Law uses the following terms:

- 1) *currency regulation*

- diplomatic, trade and other official missions of the Republic of Kazakhstan beyond the territory of Kazakhstan.

6) *non-residents* are all other legal entities and natural persons either in the Republic of Kazakhstan or abroad, as well as their branches and representative offices, not covered in the definition of "resident";

7) *currency values*:

- foreign currency;
- securities and payment documents denominated in a foreign currency;
- affinated gold bullion;
- national currency, securities and payment documents with the face-value denominated in a foreign currency in operations between residents and non-residents;

8) investments are understood as transfer of money, securities, property, and property rights, including the intellectual property rights, and other property with the purpose:

- to participate in the charter capital of an invested entity;
- to purchase securities;

9) *export-import deals* are understood as:

- deals with transfer of the property rights for goods (including the property qualified as real estate property, except for the investment operations) from a resident to a non-resident (from a non-resident to a resident);
- deals where a resident provides services (work) to a non-resident (or vice versa) as well as where a resident transfers the right for the temporary ownership and use of property qualified as real estate and the intellectual property rights to a non-resident (or vice versa) by a license contract;

10) *authorized banks* are the banks with the license for legally defined banking operations that make currency operations, including operations made on behalf of clients;

11) *organizations authorized for special banking operations* are understood as the legal entities with the license for banking operations in a foreign currency;

12) *exchanges* are specially equipped places for foreign cash exchange operations licensed by the National Bank of the Republic of Kazakhstan³.

Article 1-2. Currency operations

1. The following are currency operations:

1) operations related with the transfer of the right for ownership and other rights for currency values;

2) importation, export, sending in and out of Kazakhstan currency values by any means.

2. Currency operations between residents and non-residents fall into the categories of current operations and capital flow related operations.

3. Current operations are:

³ Article 1-1 was added by law No. 154 of 30 January (see article 2 for the enforcement procedure). Amendments were made by Law of RK No. 411 of 8 May 2003 and Law No. 483 of 10 July 2003 (effective since 1 January 2004).

Chapter II. Currency regulation

Article 2. Currency regulation bodies

1. The National Bank of the Republic of Kazakhstan is the main body on currency regulation in Kazakhstan; it functions in currency regulation under the laws of the Republic of Kazakhstan.

2. The Government of the Republic of Kazakhstan and other governmental bodies make the currency regulation within their terms of reference under the laws of the Republic of Kazakhstan.

2-1. The currency regulation bodies must coordinate development of regulatory legal acts on currency regulation with the National Bank of the Republic of Kazakhstan⁵.

Article 3. Restrictions on currency operations

1. In order to fulfil international obligations and for emergency concerns President of the Republic of Kazakhstan has the right to decree to restrict or suspend any currency operations.

2. The National Bank of the Republic of Kazakhstan has the right to restrict the currency of residents' export operations and introduce the regime of compulsory sale of export operations related currency.

2-1. For the national economic security concerns the National Bank of the Republic of Kazakhstan has the right to impose limitations on the form of payment by certain export-import deals⁶.

Article 4. Licensing operations related with the use of currency values

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2) the licensee has violated the currency regulation laws;
3) other reasons stipulated by the Law of the Republic of Kazakhstan "On Licensing"⁷.

Article 5. Accountability and reports on currency operations.

The National Bank of Kazakhstan shall define the forms of accounting and accountability on currency regulations upon coordination with the authorized governmental bodies within their competence and all residents as well as non-residents making business in Kazakhstan must use such forms.

All residents of the Republic of Kazakhstan as well as non-residents making business in Kazakhstan must submit data and documents:

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1. All payments and transfers by operations among residents must be in the national currency of the Republic of Kazakhstan only, except for the cases stipulated by the regulatory legal acts by the National Bank of the Republic of Kazakhstan as well as under the tax and customs laws.

2. The limitations stipulated in paragraph 1 herein shall not be applied to the operations where the National Bank and the Ministry of Finance are one of the parties.

3. Residents and non-residents shall buy, sell and exchange foreign currency in the Republic of Kazakhstan in authorized banks, organizations authorized for special banking operations, and in exchanges in accordance with the procedure defined by the National Bank of the Republic of Kazakhstan.

4. It is prohibited to buy, sell and exchange foreign currency from sources other than the authorized banks, organizations authorized for special banking operations, and exchanges.

5. Payments by operations among residents and non-residents shall be in any currency as the parties may agree, in accordance with the regulatory legal acts of the National Bank of the Republic of Kazakhstan on currency operations¹⁰.

Article 8. Resident Accounts

1. Residents may have foreign currency accounts in the authorized banks in accordance with the procedure stipulated by the National Bank of the Republic of Kazakhstan. Until otherwise stipulated by the currency laws of the Republic of Kazakhstan, they must have the foreign currency received as the payment for the goods and services settled on their accounts in the authorized banks.

2. Residents may have accounts in the national currency of Kazakhstan and in foreign currency in foreign banks in accordance with the procedure defined by the National Bank of Kazakhstan.

3. The authorized banks may have correspondent and other accounts in the banks of the Republic of Kazakhstan and in foreign banks¹¹

1. The authorized banks may freely exchange, buy and sell foreign currency both in the Republic of Kazakhstan and abroad within the limit of the open foreign exchange position defined by the National Bank of the Republic of Kazakhstan.

2. The authorized banks may exchange, buy and sell currency through the National Bank of the Republic of Kazakhstan .

3. The organizations authorized for special banking operations may exchange, buy, and sell foreign currency in the Republic of Kazakhstan for their operations in accordance with their license.

4. Residents and non-residents have the right to exchange, buy and sell foreign currency in accordance with the procedure defined by the National Bank of the Republic of Kazakhstan¹².

Article 11. International Bank Payments and Transfers

1. The authorized banks may make international bank payments and transfers for their current operations among residents and non-residents without restrictions in accordance with the procedure defined by the National Bank of the Republic of Kazakhstan.

2. International bank payments and transfers for the capital flow related operations with the national currency of the Republic of Kazakhstan and a foreign currency shall be made in accordance with the procedure defined by the National Bank of the Republic of Kazakhstan.

3. International bank payments and transfers made for the following purposes: residents purchase securities issued by non-residents; non-residents purchase securities issued by residents; - shall be made in accordance with the procedure defined by the National Bank of the Republic of Kazakhstan and coordinated with the governmental body on financial market and financial operations regulation and control, taking into account the provisions of international agreements, to which Kazakhstan is a party.

4. The currency proceeds from the export of goods and services from Kazakhstan shall be transferred to resident accounts in banks of the Republic of Kazakhstan without any restrictions¹³.

Article 12. International Postal Money Orders and Transfer of Currency Values

The National Post Operator shall make international postal money orders and transfer currency values in accordance with the existing laws of the Republic of Kazakhstan¹⁴.

¹² Article 10 was amended in accordance with Law No. 154 of 11 July 1997.

¹³ Article 11 was amended in accordance with Law No. 411 of 8 May 2003; Law No. 416 of 16 May 2003; Law No. 483 of 10 July 2003 (effective since 1 January 2004).

¹⁴ Article 12 was amended in accordance with Law No. 411 of 8 May 2003.

Article 13. Import and Export of Currency Values, Foreign National Currency, Securities and Payment Documents with the Face-Value and (or) Cost Denominated in the National Currency

1. Residents and non-residents shall import currency values in accordance with the laws of the Republic of Kazakhstan.

2. The National Bank of the Republic of Kazakhstan defines the procedure and norms for import of currency values.

3. *(removed)*

4. Import and export of national cash and payment documents in the national currency shall be made in accordance with the procedure defined by the National Bank of the Republic of Kazakhstan.

5. The authorized body on financial market and financial operations regulation and control shall define the procedure for import and export of securities denominated in the national currency upon coordination with the National Bank of the Republic of Kazakhstan.

6. The customs treatment of import and export of currency values shall be made in accordance with the customs laws¹⁵.

Chapter IV. Final Provisions¹⁶

Article 14. The Rights and Liabilities of Currency Control Bodies and Agents' Officers

1. Within their terms of reference and under the laws of the Republic of Kazakhstan, officers of the currency control bo