

**DECREE HAVING AUTHORITY OF LAW OF THE PRESIDENT OF THE  
REPUBLIC OF**



- 4) proposed system of organizational, structural, technological and other transformations of the property subject to privatization;
  - 5) choice of the method of privatization;
3. After the approval of the case-by-case privatization plan by the Government of the Republic of Kazakhstan, its implemen

2. Actions which do not directly lead to selling of state assets, but which stipulate its subsequent sale (transition of state enterprises to joint stock companies,

participate in it because of the changes, shall have the right to claim the refund of the security deposit and reimbursement of their expenses.

3. The Seller shall have the right to cancel a sale, not less than three days prior to the date of the sale, with the reimbursement of actual damage to the entities which submitted their applications to participate in the sale, except for the cases relating to acts of the force majeure, or for any other reasons beyond the Sellers' control.

4. Participants of a sale shall make the security deposit in the amount, deadlines and procedure indicated in the announcement of holding the sale. If sale does not take place, the security deposits shall be subject to refund. The security deposits shall be also refunded to the entities which participated in a sale but did not win the bid. Entities which in writing refused to participate in a sale, not later than three days prior to their date, will receive b

2. The terms of the buy-out of a property subject to privatization shall be defined in the agreement of the parties, unless otherwise stipulated on the lease agreement or the agreement on transfer for trusted management.

3. Selling of privatization property to certain investors on the case-by-case bases shall be allowed on stipulated terms, provided the property was not sold in the course of the auctions or tenders.

#### **Article 16. Preliminary Privatization Stages**

1. An enterprise which is subject to privatization may be first transformed into a joint stock company under the procedure established by legislation;

transferred into trusted management ~~also~~ with the right of subsequent buy-out.

2. A trusted manager or lessee shall be elected on the basis of a tender in accordance with Article 13 and 14 of this Decree.

3. Transfer of an enterprise into trusted management or lease shall be documented by appropriate agreement between the Buyer ~~Authorized~~ by the Government of the Republic of Kazakhstan and the trusted manager or lessee.

The agreement must envisage what terms the enterprise can be transferred into the ownership of the trusted manager or lessee.

4. The provisions of the civil legislation which regulate the relations of trusted management and leasing shall apply to the ~~same~~ provisions of the present Decree, except for the cases stipulated by the present Decree.

5. A state-owned block of shares may be transferred into trusted management, on the basis of a tender in accordance with Article 13 and 14 of this Decree.

#### **Chapter 4. The Procedure and Terms of Privatization**

##### **Article 17. Process of Preparation of the Property to the Privatization**

1. Preparation of the property to the privatization is be carried out by the Seller.

2. In the course of preparing the property to the privatization the Seller shall:

1) evaluation of the property subject to privatization in accordance with the legal act prepared by the Seller and approved by the Government of the Republic of Kazakhstan;

2) prepare the information concerning accounts payable and accounts receivable and obligations connected with the property and presents in pursuance of the Buyer's demand information concerning

1. The Seller shall be obliged to present to the Buyer the information concerning ecological conditions of the property subject to privatization on the case-by-case basis.

2. The Buyer shall have the right to examine the ecological conditions of the property subject to privatization..

#### **Article 19. The Procedure of the Payments.**

1. Payments under the buying/selling agreement of the property subject to privatization shall be made between the Seller and the Buyer.

2. Payment for the purchased property must be made within thirty days from the date of signing the buying/selling agreement.

3. The installment payments shall be allowed only in the cases when the participants of the sale in advance have received the information about the terms of the installment payments.

4. Amount of the initial contribution in the course of selling of the property subject to privatization on an installment plan may be not less than fifteen per cent of the selling price, and the period of the installment plan must not exceed three years.

The rules for execution of monetary obligations shall apply when subsequent amounts are paid under the agreement.

Interest shall be assessed on the outstanding amounts at the rate established by the agreement of the parties, or on selling on the installment plan.

5. The properties purchased by the Buyer shall serve as a security for timely payments and the Seller will have the right to claim this property as a security, unless the buying/selling agreement stipulates other type of security.

#### **Article 20. Usage of the Funds Received from Privatization.**

Funds received from the sale of the property subject to privatization shall be included to the Revenues of the State Budget, except costs of organizing and conducting the sale, as determined by the Government of the Republic of Kazakhstan.

#### **Article 21. Documentation of the Alteration in the Right of Ownership.**

Documentation of the alteration of the

implementation of investment programs, period of retention of the profile or volume of production etc.)

In order to exercise the supervision, Seller shall have the right to examine the documents related to the execution of buying/selling agreements

**Article 23. The Responsibility of Owners of the Privatized Enterprises for the Hazard to the Environment.**

1. The liability relating to hazard to the environment and health of the population as a result of business activities preceding privatization shall be carried by the former owner of privatization property - the State.



the moment of the dissolution of agreement and reimbursement of losses by the accused party.

### **Chapter 5. Conclusive and Transitional Provisions**

**Article 27.** The Entering into Force of the Present Decree.

1. The present Decree shall enter into effect on the first of January, 1996.
2. The present Decree shall apply to all relations which arose after the entry into effect of the present Decree at this from the 1st of January, 1996.