



# CORPORATE ISSUES

INDUSTRY AND LEGAL UPDATE

KALIKOVA & ASSOCIATES

*Information for effective business solutions*

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## Industry Update

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### **The fifth convocation of parliament has started its work**

The first session of the Parliament of the Kyrgyz Republic took place on November 10<sup>th</sup> of 2010. The session had a solemn character, the deputies were handed over certificates and breastplates. Ahmatbek Keldibekov was elected as the speaker of the Parliament. In the Parliament a discussion of a question of formation of working committees is being held. According to the draft of structure of the Parliament 14 committees shall be formed, among which there are committees on constitutional legislation and a state system, local self-governance and legality, on the budget, on a fiscal monetary and credit policy and strategic progress, on international affairs and inter-parliamentary cooperation, on defense and security, on the law and order, corruption, human rights and communications with public associations, on a fuel and energy complex and subsoil use, on construction and architecture, transport and communications and others.

### **The next decrees on nationalization**

The head of the state has signed six new decrees by which six more objects have been nationalized. The specified objects had been transferred into ownership with violation of legislation, among them structures (residence), residential and non-residential facilities of Zhalal-Abad oblast, structures in Bishkek city (facilities of the Sport Palace and Spartak stadium), etc. It should be noted that for the purpose of providing guarantees to protect private property rights, including while nationalization, re-structuring of property complexes and land plot, there was established a commission on civil monitoring of state bodies' activity in the area of protecting property rights according to the order of the President of the Kyrgyz Republic.

## Legal Update

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### **Apostille in the Kyrgyz Republic**

On November 18<sup>th</sup> of 2010 the Ministry of Justice of the KR approved the Instruction on the order and conditions of putting down of apostille. The instruction defines the order and conditions of putting down of the apostille by all authorized state bodies allocated by such authority on official documents, which are issued in the Kyrgyz Republic. The purpose of such procedure is to guarantee the authenticity and appropriate registration of apostilled documents that will be used in the countries-participants of the Hague Convention. The Instruction stipulates categories of documents which require apostille, and questions concerning timeframe and the order of putting down of apostille to documents and the grounds for refusal. However, this instruction will be applied only after the Hague Convention will come into force for the Kyrgyz Republic, since the accession procedure has not completed, and all official documents are still subject to usual procedure of consular legalization.

### **New requirements to the capital of the insurance companies**

On November 25, 2010 the Government of the Kyrgyz Republic adopted a decree "On approval of minimum amount of charter capitals of insurance companies". As a result, the minimum amount of a charter capita was increased both for operating insurance companies, and for newly established ones and reinsurance companies. The amount of the charter capital for newly established insurance company shall be not less than 30,000,000 (thirty million) KGS to carry out voluntary types of insurance and reinsurance, for insurance companies, which provides insurance on both voluntary and mandatory types of insurance and reinsurance the charter capital shall be not less 50,000,000 (fifty million) KGS, and for

reinsurance companies the charter capital shall be not less than 100,000,000 (hundred million) KGS.

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## **New horizons of cooperation**

The city of Istanbul, Turkey on December 9-10<sup>th</sup> of 2010 hosted the international Conference in honour of the 25<sup>th</sup> anniversary of the Istanbul stock exchange. The representatives from Kyrgyzstan had also taken part in the conference: the chairman of the State Financial Supervision Department, Mr. Nurbek Elebaev and the chairman of the Board of Directors of "Kyrgyz Stock Exchange" Mr. Aibek Tolubaev. The representatives had discussed issues regarding the regulation of the capital market, problems of financial markets, as well as issues of global cooperation by establishing a financial market and signing a memorandum of understanding with the Council on Capital Markets of Turkey. The Kyrgyz side has prepared the memorandum of understanding, which after coordination with the Turkish side will be signed.

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## **Re-structuring of Asia Universal Bank**

Asia Universal Bank will be re-structured and a new bank named as "Zalkar" will be established. The founder of the bank will be a special administrator. Currently, the work is underway to issue the banking license. Consequently, probably the bank's shares will be sold to investors.

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## **Formation of the Government of the Kyrgyz Republic**

After formation of a coalition, which is composed of three parties "Respublica", "Ata-Jurt" and "SDPK", the process on formation of the Government of the Kyrgyz Republic has started, accordingly Mr. Atambaev is appointed as the Prime Minister, Mr. Imashev as the Minister of Finance, Mr. Tashbaev as the Minister of Economic Regulation, Mr. Esenamanov as the Minister of Natural Resources, Mr. Ilebaev as the Minister of State Property. In addition, the head of the state had made some departmental appointments, as for the positions at the state bodies which are appointed by the Government, they will be appointed later, after formation of the Government.

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## **Registration of a public issuance of shares**

The state regulator of securities market had prepared a draft Regulation on the order of registration of shares, conditions of the public offering of shares, the prospectus and results of the share offering. The draft Regulation stipulates for detailed procedure of the public offering of shares, including registration of issuance with change of the nominal value of shares, consolidation and splitting, as well as in reorganization of legal entities. The Regulation clearly defines the procedure for annulment of shares and the recognition of a share issuance as void or cancelled.

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## **Disclosure of information in the securities market**

The state regulator of securities market had prepared a draft Regulation on disclosure on information in the securities market. This Regulation stipulates the procedure for disclosure of information about the issuer of securities by means of submitting annual reports and substantial information as well as disclosure of information by the holders of securities, affiliated persons and professional participants of securities market. The Regulation is drafted in accordance with new Law of the Kyrgyz Republic "On Securities Market" and currently is being reviewed by the Government of the Kyrgyz Republic.



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