



On approval of the Rules for the Enforcement of the State's Priority Right to Purchase Refined Gold to Replenish Assets in Precious Metals

Unofficial translation

Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 61 dated February 29, 2016. Registered with the Ministry of Justice of the Republic of Kazakhstan on April 22, 2016 under No. 13617.

Unofficial translation

In compliance with the laws of the Republic of Kazakhstan dated March 30, 1995 “ On the National Bank of the Republic of Kazakhstan ”, dated January 14, 2016 “ On Precious Metals and Precious Stones” in order to improve the procedure for enforcement by the National Bank of the Republic of Kazakhstan of the state's priority right to acquire refined gold for replenishment of assets in precious metals, the Board of the National Bank of the Republic of Kazakhstan **HEREBY DECREES AS FOLLOWS:**

1. That the attached Rules for the Enforcement of the State's Priority Right to Purchase Refined Gold to Replenish Assets in Precious Metals shall be approved.

2. The following resolutions shall be deemed to have lost force:

1) Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 241 dated August 24, 2012 “On Approval of the Rules for the Enforcement of the State's Priority Right to Purchase Refined Gold to Replenish Assets in Precious Metals” (registered with the Register of State Registration of Regulatory Legal Acts under No. 7955, published on 14 November 2012, in the newspaper *Kazakhstanskaya Pravda* No. 394-395 (27213-27214);

2) Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 12 dated February 3, 2014 “On Amendments to Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 241 dated August 24, 2012 “On Approval of the Rules for the Enforcement of the State's Priority Right to Purchase Refined Gold to Replenish Assets in Precious Metals ”(registered with the Register of State Registration of Regulatory Legal Acts under the number 9178, published on March 13, 2014 in Adilet, the legal information system of Republican State Enterprise on the Right of Economic Management "Republican Center for Legal Information of the Ministry of Justice of the Republic of Kazakhstan".

3. The Department of Monetary Operations (Moldabekova A. M.), in the manner prescribed by the legislation of the Republic of Kazakhstan, shall:

1) jointly with the Legal Department (Sarsenova N.V.) ensure the state registration of this resolution with the Ministry of Justice of the Republic of Kazakhstan;

2) send this resolution to Republican State Enterprise on the Right of Economic Management “Republican Center for Legal Information of the Ministry of Justice of the Republic of Kazakhstan”:

for official publication in Adilet, the legal information system within ten calendar days after its state registration with the Ministry of Justice of the Republic of Kazakhstan;

for inclusion in the State Register of Regulatory Legal Acts of the Republic of Kazakhstan, the Reference Control Bank of Regulatory Legal Acts of the Republic of Kazakhstan within five working days from the date of its receipt by the National Bank of the Republic of Kazakhstan after state registration with the Ministry of Justice of the Republic of Kazakhstan;

3) place this Resolution on the Official Internet site of the National Bank of the Republic of Kazakhstan after its official publication.

4. The Office for the Protection of the Rights of Consumers of Financial Services and External Communications (Terentyev A.L.) shall ensure the direction of this resolution for official publication in periodicals within ten calendar days after its state registration with the Ministry of Justice of the Republic of Kazakhstan.

5. Control over the execution of this resolution shall be entrusted to Deputy Chairman of the National Bank of Kazakhstan Pirmatov G. O.

6. This resolution shall come into effect ten calendar days after the day of its first official publication.

*Chairman
of the National Bank*

D. Akishev

“AGREED BY”

Ministry for Investments and Development
of the Republic of Kazakhstan
Minister

_____ A. Issekeshv

March 24, 2016

Approved by
Resolution of the Board of the
National Bank of the
Republic of Kazakhstan
No. 61 dated February 29, 2016

Rules

for Enforcement of the State’s Priority Right to Purchase Refined Gold to Replenish Assets in Precious Metals

1. General provisions

1. These Rules for Enforcement of the State’s Priority Right to Purchase Refined Gold to Replenish Assets in Precious Metals (hereinafter referred to as the Rules) are developed in accordance with the laws of the Republic of Kazakhstan dated March 30, 1995 “On the

National Bank of the Republic of Kazakhstan”, dated January 14, 2016 “On Precious Metals and Precious Stones”(hereinafter - the Law on Precious Metals and Precious Stones) and determine the procedure for the implementation by the National Bank of the Republic of Kazakhstan (hereinafter - the National Bank) of priority rights and the state for the acquisition of refined gold to replenish assets in precious metals (hereinafter - the priority right).

2. Assets in precious metals for the replenishment of which refined gold is purchased shall be an integral part of the gold and foreign exchange assets of the National Bank.

2. Basic concepts used in the Rules

3. For the purposes of the Rules, the following concepts are used:

1) refined gold - gold obtained as a result of refining and presented in the form of:

ingots of the member-states of production of the Eurasian Economic Union, the relevant statutory requirements in the member states of the Eurasian Economic Union or the international standards adopted by the London Bullion Market Association and indicated in the documents of the association as a standard “London Good Delivery”;

foreign-made ingots manufactured, branded and certified in accordance with the laws of the country of origin or international standards adopted by the London Bullion Market Association and indicated in the documents of the association as a standard “London Good Delivery”;

weighted ingots, plates, granules, powder and other forms with a content of chemically pure gold of at least 995 parts per 1000, with the exception of products listed in table 3 of section 2.10 of the List of Goods with respect to which a permitting procedure has been established for importing into the customs territory of the Eurasian Economic Union and (or) export from the customs territory of the Eurasian Economic Union, which is Appendix No. 2 to Decision of the Board of the Eurasian Economic Commission No. 30 dated April 21, 2015 “On the Measures of Non-Tariff Regulation”;

2) testing of refined gold - a set of works carried out with the aim of establishing quantitative and qualitative characteristics of refined gold;

3) exercise of priority right - the National Bank purchases refined gold directly from customers;

4) bid-ask spread - the difference between the purchase and sale prices on the international market;

5) customers - entities of precious metals production and persons who become owners of refined gold as a result of processing, who, when selling refined gold, offer it to the National Bank as a priority;

6) acquisition limit - the maximum possible volume of purchases by the National Bank of refined gold for a certain period within the framework of the implementation of priority rights

;

7) trade ticket (transaction certificate) - a document signed by the parties to the transaction containing all the essential conditions and delivery parameters of a specific lot of refined gold, in accordance with the concluded agreement on the general conditions for the sale and purchase of refined gold to replenish assets in precious metals;

8) authorized body - the central executive body that exercises management, as well as within the limits provided for by the legislation of the Republic of Kazakhstan, intersectoral coordination in the field of regulating the production of precious metals and the turnover of precious metals and precious stones, raw materials containing precious metals, jewelry and other products from precious metals and precious stones.

3. The exercise of priority right

4. Customers shall submit to the National Bank charts of a forecast on the production and sale of refined gold for the first half of the next year until November 1 of the current year, for the second half of the current year – prior to May 1 of the current year.

5. In order to provide the entities of production of jewelry and other items from precious metals and precious stones with raw materials, the authorized body shall submit to the National Bank the information by customers for each half year on the volume of refined gold which customers plan to sell to jewelry and other precious metal and gemstone manufacturing entities.

The information specified in the first part of this paragraph shall be submitted to the National Bank for the first half of the next year prior to November 1 of the current year, for the second half of the current year - prior May 1 of the current year.

6. The Chairman of the National Bank, on the basis of the forecast for the production and sale of refined gold, the state of the money market, monetary policy indicators and the situation in international financial markets, shall approve the acquisition limit in accordance with the first part of Paragraph 4 of Article 9 of the Law on Precious Metals and Precious Stones within the framework of the enforcement of the priority right for the coming six months, or shall take a decision on the non-enforcement of the priority right for the coming period (from one month to six months).

If a decision is made on the unfulfillment of priority rights for the coming period (from a month to half a year), the said decision shall be published on the official Internet resource of the National Bank within five business days from the date of its adoption .

7. Within the framework of the approved acquisition limit, the National Bank shall determine the amount of refined gold that will be purchased in the coming six months from a specific customer who has provided a forecast schedule for the production and sale of refined gold, with reservation of the volumes of refined gold for entities producing jewelry and other precious metal products and precious stones on the basis of information provided to the National Bank in accordance with paragraph 5 of the Rules. The volumes of acquisition of

refined gold or the decision to refuse to exercise the priority right for the coming period shall be brought to the attention of customers for the first half of the next year before December 1 of the current year, for the second half of the current year – before June 1 of the current year.

8. In case the expected volume of production and sale of refined gold exceeds the volume of production and sale of refined gold reported to the National Bank in accordance with paragraph 4 of the Rules, customers shall additionally submit to the National Bank the revised forecast schedules for the production and sale of refined gold.

Within fifteen business days from the date of receipt of the amended forecast schedule for the production and sale of refined gold, the National Bank shall inform the customer of the correspondingly changed volume of acquisition of refined gold or shall inform that the volume of acquisition of refined gold previously communicated to the customer remains unchanged by sending a refusal to purchase a new volume according to the changed schedule.

9. The National Bank shall refuse to exercise priority rights in cases when the acquisition limit is reached and (or) if there is a decision to not exercise priority rights for the coming period in accordance with part one of Paragraph 6 of the Rules.

10. The grounds provided for in Paragraph 9 of the Rules shall not apply to customers referred to in Paragraphs 7 and 8 of the Rules, within the limits of the volumes of acquisition of refined gold reported to them.

11. The purchase of refined gold shall be carried out on the basis of an agreement concluded by the National Bank with a customer on the general terms and conditions of purchase and sale of refined gold for replenishment of assets in precious metals and a trade ticket (transaction certificate) issued for a specific lot of purchased refined gold.

12. Payment of refined gold purchased by the National Bank from customers in accordance with the agreement on the general conditions of purchase and sale of refined gold to replenish assets in precious metals shall be made after the delivery of refined gold by the customer and (or) by prepayment of future deliveries of refined gold on the basis of the presented a document confirming acceptance of raw materials containing gold for refining.

13. Advance payment of future deliveries of refined gold as a method of mutual settlements shall be used only for customers who have applied to the National Bank with a proposal to apply an advance payment of future deliveries of refined gold as a method of mutual settlements and simultaneously meeting the following criteria:

- 1) who have its own refining production (plant);
- 2) who sold at least 10,000 (ten thousand) kilograms of refined gold to the National Bank during the year preceding the year of contacting the National Bank with the offer specified in the first paragraph of this paragraph;
- 3) who submitted to the National Bank security for the performance of obligations;
- 4) who submitted to the National Bank in order to provide information on their financial situation:

annual financial statements for the year preceding the last expired year, drawn up in accordance with international financial reporting standards and confirmed by the audit organization, in the case of applying to the National Bank with the proposal specified in the first paragraph of this paragraph, until June 30 (inclusive) of the current year;

annual financial statements for the previous year, drawn up in accordance with international financial reporting standards and confirmed by the audit organization, in case of applying to the National Bank with the proposal specified in the first paragraph of this paragraph after June 30 of the current year;

financial statements for the last past calendar quarter, prepared in accordance with international financial reporting standards.

14. Customers supplying refined gold on a pre-paid basis for future deliveries of refined gold from shall submit to the National Bank:

1) annual financial statements prepared in accordance with international financial reporting standards and confirmed by an audit organization - annually no later than June 30 (inclusive) of the year following the year for which the financial statements are presented;

2) financial statements for a calendar quarter, prepared in accordance with international financial reporting standards, - quarterly no later than the last day (inclusive) of the last month of the calendar quarter following the calendar quarter for which the financial statements are presented.

15. The National Bank shall not pre-pay future deliveries of refined gold earlier than thirty calendar days prior to the day (inclusive) of the delivery of refined gold by the customer . The decision on other general conditions for prepayment of future deliveries of refined gold, as well as the list of customers to whom prepayment of future deliveries of refined gold is applied as a method of mutual settlements, shall be made by the Board of the National Bank.

16. With customers to whom prepayment of future deliveries of refined gold is applied as a method of mutual settlements, an additional agreement to the agreement on general conditions for the sale and purchase of refined gold shall be concluded under the terms of advance payment for future deliveries of refined gold to replenish assets in precious metals.

17. The procedure for conducting tests of refined gold and making claims on the quality and quantity of refined gold shall be established by the agreement on the general conditions for the sale and purchase of refined gold to replenish assets in precious metals.

18. The price of refined gold shall be determined in tenge, based on the official exchange rate of the tenge against the United States dollar at the transaction date and the average of morning and afternoon fixing (price quotations) on the London Bullion Market Association, averaged over the entire month of delivery, and a discount including:

transportation costs for the export of gold to international markets;

costs for implementation, including the bid-ask spread;

a discount for quality, which is applied in case of acquisition of refined gold that does not meet international standards adopted by the London Bullion Market Association and designated in the documents of this association as the standard “London Good Delivery”.

For the purpose of determining discount rates, selling costs, including bid-ask spreads shall be taken equal to zero only on the basis of a decision of the Board of the National Bank.

Discount rates for the coming six months shall be approved by the Board of Directors of the National Bank.

For all refined gold of the same quality, acquired in one period, a single discount rate shall be applied.