



On agricultural cooperatives

Unofficial translation

The Law of the Republic of Kazakhstan dated 29 October, 2015 № 372-V.

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Chapter 1. GENERAL PROVISIONS

Article 1. Relations regulated by this Law

This Law determines legal status, rights and duties of members of agricultural cooperatives, as well as the legal status, procedure of creation, activity, reorganization and liquidation of agricultural cooperatives and their associations (unions).

Article 2. The basic concepts used in this Law

In the present Law following basic concepts are used:

1) the Association (Union) of agricultural cooperatives is a voluntary association of agricultural cooperatives, created to ensure coordination of activities of its members and protecting their common property and other interests;

2) associate member of the agricultural cooperative (hereinafter associated member of the cooperative) – a natural or legal person, made under the Charter of an agricultural cooperative to such member's property (share) contribution in the form of money, which receives dividends that carries the risk of losses connected with the activity of the agricultural cooperative within the cost of the proposed property (share) contribution, with the right of Advisory vote in the agricultural cooperative, as well as has other rights and obligations subject to the restrictions established by this Law and the Charter of an agricultural cooperative;

3) founders of the agricultural cooperative (hereinafter – the founders of the cooperative) physical and (or) legal persons who at the constituent Assembly the decision on the establishment of an agricultural cooperative;

4) a member of an agricultural cooperative (hereinafter the cooperative) physical and (or) legal person complying with the requirements of this Law and the Charter of an agricultural cooperative, has made a property (unit) and entrance fees or to have acquired a share in the order established by the legislation of the Republic of Kazakhstan, as well as having other rights and obligations determined by this Law and the Charter of an agricultural cooperative;

5) mutual investment fund agricultural cooperative (hereinafter – the Mutual fund) is a Fund consisting of property (share) contributions by the founders of the cooperative at its

founding, the cooperative members and associated members of the cooperative, and is one of sources of forming of property of an agricultural cooperative, the order of formation and use of which is determined by the Charter of an agricultural cooperative;

6) the reserve Fund of the agricultural cooperative (further – the reserve Fund) is a Fund designed to cover losses arising in the process of activity of agricultural cooperatives, including those caused by unforeseen circumstances and ensure that other expenses, the order of formation and use of which is determined by the Charter of an agricultural cooperative;

7) agricultural cooperation – system of agricultural cooperatives and their associations (unions);

8) application fee – the initial fee in the form of money, the amount of which is determined by the founders of the cooperative and may not exceed five times the monthly calculation index established for the relevant financial year by the law on Republican budget, intended to cover costs related to organizational issues in the creation of agricultural co-operative the founders of the cooperative, or in the admission of cooperative members, and non-refundable upon withdrawal of a member of the cooperative from it;

9) additional contribution of property contribution of a member of the cooperative made to them voluntarily to increase their shares or in the cases stipulated by the decision of the General meeting of cooperative members;

10) property (share) fee – the fee of the founder and the member of the cooperative in a mutual Fund in the form of property (money, securities and other financial instruments, things, objectified results of creative intellectual activities, company names, trademarks and other means of individualization of products, property and real rights and other property) and payment of associate member of the cooperative share Fund in the form of money;

11) share – share member of the cooperative in a mutual fund.

Article 3. The legislation of the Republic of Kazakhstan on agricultural cooperatives

1. The legislation of the Republic of Kazakhstan on agricultural cooperatives is based on the Constitution of the Republic of Kazakhstan and consists of the Civil code of the Republic of Kazakhstan, this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. If an international Treaty ratified by the Republic of Kazakhstan establishes other rules than those contained in this law, the rules of the international Treaty.

Article 4. The main objectives and principles of creation and activity of agricultural cooperatives

1. The main purpose of creation and activity of agricultural cooperatives shall be as follows:

1) address the socio-economic and other needs of the cooperative members and the protection of their interests;

2) increase the incomes of cooperative members;

3) the creation of a competitive environment in the sphere of production, processing, marketing, storage of agricultural products, aquaculture (fish farming), supply of the means of production and material-technical resources;

4) developing infrastructure and providing direct supply of agricultural products, aquaculture (fish culture) from producer to consumer;

5) promote the acquisition on favorable terms by the members of the cooperative the necessary resources and access to funding for their production and other business activities.

2. The basic principles of creation and activity of agricultural cooperatives shall be as follows:

1) voluntary membership in the agricultural cooperative and exit, the possibility of membership for any individuals that meet the requirements of this Law and the Charter of an agricultural cooperative;

2) democratic control based on equality of the members of the co-operative: one member – one vote irrespective of the size and number of property (share) contributions, with the exception of associate members of the cooperative;

3) election and accountability of management bodies of an agricultural cooperative the General meeting of its members;

4) autonomy and independence of agricultural cooperatives;

5) implementation of the agricultural cooperative of goods (works, services) to its members at cost;

6) mutual help and securing economic benefits to the members of the cooperative;

7) the availability of information on the activities of agricultural cooperative associations (unions) of agricultural cooperatives for all their members.

Article 5. The legal status of an agricultural cooperative

1. The agricultural cooperative is a legal entity in legal organizational form of production cooperatives, created on the basis of membership by voluntary Association of individuals and (or) legal entities for the implementation of joint production and (or) other economic activities to meet their social and economic needs in the production, processing, marketing, storage of agricultural products, aquaculture (fish farming), supply of the means of production and logistical resources, credit, water supply or other service of the cooperative members and associated members of the cooperative.

2. Agricultural cooperative is established for an indefinite period, unless the Foundation documents provided that it is created for a fixed term or to achieve a certain goal.

3. The agricultural cooperative is a commercial organization, has civil rights and bears with regard to his operations duties required to perform any activities not prohibited by the legislation of the Republic of Kazakhstan.

4. Brand name of an agricultural cooperative must include his name and the words “Agricultural production cooperative” or the abbreviation “APC”.

The agricultural cooperative is entitled to use the short form of the brand name and its equivalents in foreign languages.

5. Labour relations in the agricultural cooperative regulated by labour legislation of the Republic of Kazakhstan.

Personal labor participation of cooperative members in the activities of an agricultural cooperative is not mandatory.

Article 6. Principal activities of agricultural cooperatives

1. The main activities of agricultural cooperatives are the production, processing, sale, storage of agricultural products, aquaculture (fish farming), supply of the means of production and material-technical resources and other types of service cooperative members and associated members of the cooperative.

Agricultural cooperative may engage in one (or) several types of activities, which is reflected in its Charter.

Certain activities established by the laws of the Republic of Kazakhstan, agricultural cooperatives may engage on the basis of appropriate permit (license).

2. The main activity of an agricultural cooperative may be reflected in its corporate name.

Article 7. Activities of agricultural cooperatives producing agricultural products, aquaculture (fish farming)

Activities of agricultural cooperatives producing agricultural products, aquaculture (fish farming) is aimed at the production and processing of agricultural products, aquaculture (fish farming), as well as consumer goods from agricultural raw materials.

Article 8. Activities of agricultural cooperatives for the processing of agricultural products, aquaculture (fish farming)

Activities of agricultural cooperatives for the processing of agricultural products, aquaculture (fish farming) is aimed at processing of agricultural products, aquaculture (fish farming) and their subsequent implementation through the system of wholesale and (or) retail trade, as well as through the use of the trading system of the associated members of the cooperative (if any).

Article 9. The activities of agricultural cooperatives marketing agricultural products, aquaculture (fish farming)

The activities of agricultural cooperatives marketing agricultural products, aquaculture (fish farming) produced by the members of the cooperative and (or) by an agricultural cooperative directly aimed at meeting the needs of cooperative members and other customers.

The activities of agricultural cooperatives marketing agricultural products, aquaculture (fish farming) also include collection, harvesting, storage, grading, drying, sale of raw materials, in fresh and (or) processed form, as well as the marketing and transportation of agricultural products, aquaculture (fish farming) produced by the members of the cooperative and (or) by an agricultural cooperative.

Article 10. Activities of agricultural cooperatives for the supply of the means of production and logistical resources

The activities of agricultural cooperatives in the supply of means of production and material and technical resources shall be aimed at providing members of the cooperative with the necessary means of production and material and technical resources in the production process: fuel and lubricants, seeds, fertilizers, pesticides, veterinary drugs, feed, agricultural machinery and technological equipment, spare parts, construction and other related materials for agricultural production.

Footnote. Article 10 as amended by the Law of the RK dated 28.10.2019 № 268-VI (shall enter into force upon the expiry of ten calendar days after the day of its first official publication).

Article 11. Activities of agricultural cooperatives in service

Activities of agricultural cooperatives in service aimed at providing members of the cooperative services associated with the production, processing and marketing of agricultural products, aquaculture (fish farming), as well as the satisfaction of their needs in various areas (logistics, agro-chemical, transport service, credit, water supply, electricity, repair and maintenance of equipment, telephones, breeding and breeding, veterinary care, research in livestock and crop production, breeding forests, accounting and auditing, Advisory services and other fields).

Chapter 2. STATE REGULATION DEVELOPMENT AGRICULTURAL COOPERATION

Article 12. Public authorities and agricultural cooperatives

1. Agricultural cooperatives carry out their activities in accordance with the legislation of the Republic of Kazakhstan, the Charter of agricultural cooperatives, as well as decisions of the General meeting of cooperative members.

State bodies and bodies of local self-government shall not interfere in the economic, financial and other activities of agricultural cooperative associations (unions) of agricultural cooperatives, with the exception of cases stipulated by the laws of the Republic of Kazakhstan.

2. Acts of state bodies or local governments that violate the rights of agricultural cooperative associations (unions) of agricultural cooperatives, may be invalidated in the manner prescribed by the laws of the Republic of Kazakhstan.

3. The damages caused to the agricultural cooperative Association (Union) of agricultural cooperatives as a result of illegal decisions, actions (inaction) of state bodies, bodies of local self-government and their officials shall be compensated in the manner prescribed by civil legislation of the Republic of Kazakhstan.

Article 13. Competence of the authorized body in the sphere of the agroindustrial complex development

The authorized body in the field of agribusiness development to promote the creation of agricultural cooperatives within the framework of implementation of the state policy of development of the agroindustrial complex and rural territories:

1) provide informational, consulting and methodological assistance in the development and implementation of measures for the dissemination and transfer of experience of creation and activity of agricultural cooperatives, including through Internet resources;

2) develop proposals for:

creation of favorable tax, financial and credit, investment policy concerning the activities of agricultural cooperatives;

state support of agricultural cooperatives in accordance with the legislation of the Republic of Kazakhstan;

3) promote training, retraining and advanced training of personnel for agricultural cooperation and research on issues of agricultural cooperation;

4) exercise other powers stipulated by this Law, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 14. Competence of local representative bodies (maslikhats) and local Executive bodies (akimats)

1. Local representative bodies (maslikhats) of oblasts, cities of Republican significance, capital, districts (cities of regional importance) in order to stimulate the creation of agricultural cooperatives within the framework of implementation of the state policy of development of the agroindustrial complex and rural territories:

1) when approval of plans, economic and social development programs of the territories concerned and the approval of the local budget for the relevant financial year provide the documents necessary funding of activities in the sphere of development of cooperation of agricultural producers, including information and financial support;

2) is carried out in accordance with the legislation of the Republic of Kazakhstan other powers.

2. Local Executive bodies (akimats) of oblasts, cities of Republican significance, capital, districts (cities of regional importance) in order to stimulate the creation of agricultural cooperatives within the framework of implementation of the state policy of development of the agroindustrial complex and rural territories:

1) develop proposals and carry out actions for the state support of agricultural cooperatives in accordance with the legislation of the Republic of Kazakhstan;

2) organise regional exhibitions, fairs with provision of trading places for agricultural co-operatives and their members on the range of products;

3) provide concessional trade places on public markets for trade in products of agricultural cooperatives;

4) develop and implement measures for the dissemination and transfer of experience of creation and activity of agricultural cooperatives;

5) develop measures to attract investment and loans from financial organizations for the development of agricultural cooperation and creation of conditions for formation and development of competitive industries, their modernization and transition to international system of quality management;

6) create conditions for functioning and development of informational-marketing system of agricultural cooperatives;

7) is carried out in the interests of local government other powers delegated to local Executive bodies by the legislation of the Republic of Kazakhstan.

Chapter 3. THE CREATION OF AN AGRICULTURAL COOPERATIVE

Article 15. The procedure for the establishment of an agricultural cooperative

1. Agricultural cooperative created by the decision of the constituent Assembly, and by the transformation of legal entities in the agricultural cooperative.

2. Agricultural cooperative is established by the decision of at least three founders.

3. At the founding meeting, the founders decide on the establishment of an agricultural cooperative, according to its Statute, list of founders of the cooperative, elect the persons authorized to sign and submit documents of an agricultural cooperative for registration, in the prescribed manner hold monetary value of the property, including property and property rights contributed by the founders of the cooperative as a property (share) contribution, specify brand name and the location of agricultural cooperative activities elect the governing bodies of an agricultural cooperative and decide other issues concerning the establishment and beginning of activity of agricultural cooperatives.

4. The constituent documents of an agricultural cooperative are the Foundation agreement and Charter of an agricultural cooperative.

5. The legal capacity of an agricultural cooperative as a legal entity arises from the moment of its state registration in the order established by the legislation of the Republic of Kazakhstan.

6. After the state registration of an agricultural cooperative founders acquire rights and bear responsibilities established by the present Law, the constituent contract and the Charter of an agricultural cooperative to its members, except associate members of the cooperative.

Article 16. The founding contract of the agricultural cooperative

1. The founding contract of the agricultural cooperative is among the founders of the cooperative.

2. The founding contract of the agricultural cooperative must contain:

1) the decision on the establishment of an agricultural cooperative, the main directions and activities, full and abbreviated name, its address (location of Executive body of management), management bodies;

2) the list of founders of the cooperative, indicating their names, location, business identification number (if the founder is a legal entity) or surname, name, patronymic (if specified in the identity documents), place of permanent residence and personal identification number (if the founder is a natural person);

3) the order of the activities on the creation of an agricultural cooperative; responsibilities of the founders of the cooperative associated with its institution, and also other conditions for the exercise of the founders of the cooperative activities for its implementation; definition of the powers of these persons and other persons who are tasked with representing the interests of established agricultural cooperative in their respective state authorities in the process of its creation and registration;

4) information on the composition, size and terms of payment of property (share) contribution of each incorporator of a cooperative and the consequences of a failure to make the property (share) fees;

5) information on the amount and timing of admission fees;

6) the order of output of the agricultural cooperative of its founders;

7) the procedure for approving the Charter of an agricultural cooperative.

3. The Foundation agreement is part of documents representing a business secret and shall be presented in the cases established by the laws of the Republic of Kazakhstan.

Article 17. Charter of an agricultural cooperative

1. The Charter of an agricultural cooperative is a document defining its legal status as a legal entity.

2. Charter of an agricultural cooperative is approved by a qualified majority (not less than two-thirds) of the votes of the founders of the cooperative at the founding meeting and shall contain:

1) brand name and legal form;

2) the status of the business entity;

3) the location (the location of the Executive body);

4) the purposes of creation and activities;

5) order of formation and competence of management bodies of an agricultural cooperative, the procedure for their adopting decisions;

6) the procedure for convening and holding, including correspondence, ordinary and extraordinary General meeting of cooperative members;

7) the procedure and conditions of membership in agricultural cooperative members, including the procedure and terms of membership of associate members of the cooperative, the order of output of the agricultural cooperative;

8) the grounds and procedure for exclusion of an agricultural cooperative;

9) order of payment (issuance) share of the cooperative members to cease membership in the agricultural cooperative;

10) forms and types of documents generated in the activities of the agricultural cooperative, the procedure documentation of an agricultural cooperative;

11) the rights and obligations of cooperative members and associated members of the cooperative;

12) sources of formation of property of an agricultural cooperative;

13) the size and procedure of payment of property (share) and admission fees of the members of the cooperative, the procedure and terms of entering of property (share) contributions from associate members of the cooperative, as well as the consequences of late introduction of property (share) fees;

14) the manner and procedure of participation of cooperative members in its activities;

15) the allocation of cooperative benefits and income;

16) the procedure and conditions cover the losses of an agricultural cooperative;

17) the order of modification and additions in constituent documents of an agricultural cooperative;

18), the size of funds (mutual backup), the procedure for their formation and use;

19) conditions of change of activity of agricultural cooperative;

20) conditions of reorganization and liquidation of an agricultural cooperative.

3. By decision of the General meeting of founders of the cooperative, its Charter may include not contradicting the legislation of the Republic of Kazakhstan additional information, including that contained in the model Charter of the agricultural cooperative developed and approved by the authorized body in the field of agribusiness development.

Article 18. Making changes and (or) additions in the Charter of an agricultural cooperative, the adoption of the Charter of an agricultural cooperative in the new edition

Changes and (or) additions in the Charter of an agricultural cooperative, the adoption of the Charter of an agricultural cooperative in the new edition are made by qualified majority of votes at the General meeting of the members or by the written consent of (absentee voting) of the qualified majority of members of the cooperative. A qualified majority is two-thirds of the total number of members of the cooperative.

Article 19. Branches and representative offices

1. The agricultural cooperative has the right to establish branches and representative offices in accordance with the legislation of the Republic of Kazakhstan.

2. A branch of the agricultural cooperative is a separate subdivision of agricultural cooperatives located outside its location and performing all or part of its functions, including the function of representation.

3. Representation of an agricultural cooperative is a separate subdivision of an agricultural cooperative, located outside of its location and carrying out protection and representation of interests of agricultural co-operative, commits on its behalf transactions and other legal actions.

4. Branches and representative offices of the agricultural cooperative are not legal entities. They obtain the property they created an agricultural cooperative, and act on the basis of the approved bylaws.

5. Record registration of branches and representative offices of an agricultural cooperative shall be in the manner established by the legislation of the Republic of Kazakhstan.

Chapter 4. THE PROPERTY OF AN AGRICULTURAL COOPERATIVE

Article 20. Sources of formation of property of an agricultural cooperative

1. The property of an agricultural cooperative formed at the expense of property (share) contributions, opening, additional contributions from its members of property (share) contributions from associate members of the cooperative, revenues from own activities and other sources not prohibited by the legislation of the Republic of Kazakhstan.

2. The property of an agricultural cooperative belongs to him by right of ownership.

3. The possession, use and disposal of the property of an agricultural cooperative exercise of its management bodies within their powers.

In cases stipulated by the Charter of an agricultural cooperative, the powers at the disposal of his property carried out by decision of the General meeting of cooperative members.

4. To carry out its activities, the agricultural cooperative has the right to establish funds (mutual backup). The types, the sizes of these funds, procedure of their formation and use are prescribed in the Charter of an agricultural cooperative in accordance with the decision of the General meeting of cooperative members.

5. In case of liquidation of an agricultural cooperative, its assets, remaining after the payments made in order of priority established by the civil legislation of the Republic of Kazakhstan, as well as payments (issuance) of shares, distribution of cooperative benefits and income shall be distributed among the cooperative members in proportion to introduced property (share) contributions.

Article 21. Shares and contributions of the cooperative members

1. The size of the unit proportional made by a member of the cooperative property (share) contribution. If you make an additional contribution of the size the unit increases accordingly.

2. Accounting of property (share) contributions are maintained in money terms. In the case of payment of the expense of property (share) contribution of property in-kind, monetary valuation of such a contribution is made by the Board of agricultural cooperative according to the methodology approved by the General meeting of the members of the cooperative.

If the value of the property exceeds the equivalent of dvadtsatishestiletnego size of the monthly settlement indicator established for corresponding fiscal year by the law on Republican budget, its estimation should be confirmed in the order established by the legislation of the Republic of Kazakhstan.

General meeting of the members of the cooperative may decide on the assessment made as a property (share) contribution of assets in kind in the order established by the legislation

of the Republic of Kazakhstan on appraisal activity, at the expense of the agricultural cooperative.

In case of disagreement the member of the cooperative with the assessment made of property (share) contribution approved by the General meeting of members of the cooperative methodology assessment is made of assessments conducted in the order established by the legislation of the Republic of Kazakhstan, at his expense.

In cases where as a property (share) contribution to the agricultural cooperative transferred the right of use of property, the amount of such fee is determined by the charges calculated for the entire period specified in the title or the founding documents.

The transfer of land use rights as property (share) contribution is made in accordance with the land legislation of the Republic of Kazakhstan.

3. The decision on further contributions made by the General meeting of the members of the cooperative.

Article 22. Property liability agricultural cooperative and its members

1. The agricultural cooperative is responsible for its obligations with all property belonging to it.

The agricultural cooperative is not liable for the obligations of its members.

2. The members of the cooperative are not liable for the obligations of an agricultural cooperative, and bear the risk of losses related to activities of agricultural cooperative, within the amount made by them of property (share) contributions, unless otherwise provided by the Charter of an agricultural cooperative.

Article 23. Cooperative payments to members of the cooperative

1. Cooperative payments to members of the cooperative – part of the income of an agricultural cooperative, to be paid to members of the cooperative in proportion to their participation in the production and (or) other economic activities of an agricultural cooperative in the manner prescribed by the Charter of an agricultural cooperative.

2. The decision on the distribution of cooperative payment until a decision of the General meeting of cooperative members on statement of results of activity of agricultural cooperatives of the relevant year.

Article 24. The distribution of net income of an agricultural cooperative among its members

1. The distribution of net income between the members of the cooperative received an agricultural cooperative on the results of its operations for the year is made by resolution of the General meeting of cooperative members in accordance with the Charter of an agricultural cooperative.

General meeting of the members of the cooperative may decide on the exclusion of net income or part of the distribution between the members of the cooperative.

2. Payment of net income shall be made by the agricultural cooperative in cash within one month from the date of adoption by the General meeting of members of the cooperative of the decision on distribution of net income.

Chapter 5. MEMBERSHIP IN THE AGRICULTURAL COOPERATIVE

Article 25. The legal status of the cooperative members and associated members of the cooperative

1. The cooperative members may be individuals and (or) legal entities, adopted in the agricultural cooperative in the procedure established by this Law and the Charter of an agricultural cooperative.

Individuals and legal entities can be members of several agricultural cooperatives of different types of activities.

2. In the agricultural cooperative is allowed associate membership. The total number of associate members of the cooperative must not exceed one-fifth of the total number of members of the cooperative.

Associate members may be individuals or legal persons who are producers of agricultural products, aquaculture (fish farming) and other products that in order to guarantee the supply of agricultural cooperative (and its members) of the specified products for organization and development, including own production, making provided for in the statutes of an agricultural cooperative for associated co-operative members of property (share) contribution as a pre-payment of raw materials.

3. Associate members of the cooperative are not required to participate in the production and (or) other economic activities of an agricultural cooperative.

4. Size of property (share) contributions from associate members of the cooperative and the terms of payments of dividends, the procedure for admission and termination of associate membership shall be determined in accordance with this Law, the Charter of an agricultural cooperative and is stipulated by conditions of the contract concluded by the agricultural cooperative with the associated members of the cooperative. Such a contract may include other provisions not contrary to this Law and the Charter of the agricultural cooperative.

Article 26. The rights of the cooperative members and associated members of the cooperative

1. A member of the cooperative entitled to:

1) participate in managing the Affairs of the agricultural cooperative and the General meeting of cooperative members with the right to one vote, except associate members of the cooperative. However, this right may not be transferred to other members of the cooperative;

2) to elect and to be elected in the management bodies of an agricultural cooperative, to make proposals on improvement of activity of agricultural cooperatives, the elimination of shortcomings in the work of its bodies and officials, with the exception of associate members of the cooperative;

3) to obtain full information on the activities of the agricultural cooperative, including the right to examine the annual financial statements, accounting and other documentation of an agricultural cooperative;

4) to participate in the distribution of cooperative payoffs, and also obtained an agricultural cooperative net income at the General meeting of the members, except associate members of the cooperative;

5) to receive cooperative payments and share of net income available for distribution among the members of the cooperative, with the exception of associate members of the cooperative;

6) to receive payment for their work in the agricultural cooperative;

7) to enjoy the benefits and advantages provided by the Charter of an agricultural cooperative for its members, including in terms of use of the property of an agricultural cooperative, agricultural cooperative, material and other assistance;

8) by decision of the General meeting of cooperative members to acquire goods (works, services) agricultural cooperative at cost and on a priority basis;

9) for the payment (withdrawal) of the unit in the cases established by this Law;

10) out of an agricultural cooperative in the procedure established by this Law and the Charter of an agricultural cooperative.

2. Associate members of the cooperative have the right to:

1), along with members of the cooperative at satisfaction of requirements of agricultural products, aquaculture (fish farming) at prices determined at the General meeting of members of the cooperative in joining it and entering the property (share) contribution;

2) to receive dividends at the introduced property (share) contributions;

3) for the payment of the value of their property (share) contributions if withdrawal from an agricultural cooperative or its liquidation;

4) an Advisory vote when making decisions at the General meeting of members of the cooperative;

5) output of the agricultural cooperative in the procedure established by this Law and the Charter of an agricultural cooperative.

3. A member of the cooperative may have other rights stipulated by this Law, other laws of the Republic of Kazakhstan and constitutive documents of an agricultural cooperative.

4. Restriction in any form of the rights of cooperative members stipulated in this Law, other laws of the Republic of Kazakhstan and constitutive documents of an agricultural cooperative, including by agreement of the members of the cooperative, is not allowed.

Article 27. The duties of the members of the cooperative

1. A member of the cooperative must:

1) comply with the requirements of the constitutive documents of an agricultural cooperative;

2) execute decisions of the General meeting of cooperative members, other bodies of management of agricultural cooperative adopted in accordance with their competence;

3) make a property (unit) and entrance fees, and additional contributions to the property of an agricultural cooperative in the manner and amount provided by the constituent documents of an agricultural cooperative;

4) not disclose information that an agricultural cooperative declared it a trade secret.

2. A member of the cooperative may incur other obligations stipulated by this Law, other laws of the Republic of Kazakhstan and constitutive documents of an agricultural cooperative.

Article 28. Admission of cooperative members and associated members of the cooperative to agricultural cooperative

1. Admission of cooperative members and associated members of the cooperative, the agricultural cooperative is in compliance with the rules of this Law and the Charter of an agricultural cooperative and formalized by decision of the General meeting of cooperative members in accordance with the Charter of an agricultural cooperative.

Admission associate members of the cooperative is carried out on the basis of the contract concluded by the agricultural cooperative with the associated members of the cooperative.

2. The application for admission to membership of the cooperative should include commitments to compliance with the requirements of the Charter of an agricultural cooperative, including the proposed Charter of an agricultural cooperative property (unit) and entrance fees.

3. The applicant shall be accepted as members of the cooperative from the date of application property (unit) and entrance fees.

4. Member of the cooperative shall be issued a membership book, a document confirming the membership in the agricultural cooperative, which shall include: data on the member of the cooperative, as well as in chronological order information on the amount of introduced property (share) contribution and its timing; the entry fee; the size and number of additional contributions, as well as their form (cash, property).

Article 29. Termination of membership in the agricultural cooperative

1. Membership in agricultural cooperative is terminated in the following cases:

1) output of the agricultural cooperative;

2) alienation of a share to another person;

3) termination of activity or liquidation of a legal entity that is a member of the cooperative or associate member of the cooperative;

4) exclusion from agricultural cooperatives;

5) the death of, recognition by a court as missing or deceased natural person that is a member of the cooperative or associate member of the cooperative;

6) liquidation of an agricultural cooperative.

2. Each member of the cooperative has the right to voluntarily terminate his or her membership in the agricultural cooperative in the procedure established by this law and the Charter of an agricultural cooperative. The statement of withdrawal from an agricultural cooperative shall be examined within thirty calendar days from the date of application.

Article 30. Selling, payment (issuance) of a share upon termination of membership in the agricultural cooperative

1. A member of the cooperative entitled to transfer to another person his share and get out of an agricultural cooperative. The alienation of shares persons who are not members of the cooperative, be allowed, unless otherwise established by the Charter of an agricultural cooperative. When selling the unit, the other members of the cooperative have the right of pre-emption.

2. Upon termination of membership in the agricultural cooperative on the grounds, specified in subparagraphs 1), 3) – 6) of paragraph 1 of article 29 of this Law, the member of the cooperative or his successor in title shall be paid (issued) to its share and also due to the member of the cooperative the cooperative pays and the portion of net income of an agricultural cooperative. The decision on payment (issuance) of the unit in accordance with the Charter of an agricultural cooperative is adopted by the General meeting of the members of the cooperative.

3. Payment (issuance) of the unit is within the time established by the Board of an agricultural cooperative, but not more than one year from the date of termination of membership in the agricultural cooperative.

4. If the agricultural cooperative is unable to pay (issue) to the retiring member of the cooperative, its share, the General meeting of cooperative members shall decide on introducing the other members of the cooperative of additional contributions, which are paid (issued) share.

5. Upon termination of activity or liquidation of legal entity, as an associated member of the cooperative, the payment made by him of property (share) contribution may be in cash and (or) in kind through agricultural products, aquaculture (fish farming), including through additional contributions of the members of the cooperative. The alienation associated members of the cooperative law demands guaranteed supply of agricultural products, aquaculture (fish farming) to third parties, the performance of an obligation is an agricultural cooperative to such persons in accordance with the terms of the agreement or other document entered into with an associated member of the cooperative.

6. Features of payment (issuance) of the unit in the form of land or property rights to them members of the cooperative when they are out of an agricultural cooperative are established by the land legislation of the Republic of Kazakhstan.

Article 31. The exclusion of agricultural cooperative

1. The Charter of an agricultural cooperative may stipulate the conditions under which the exception of the agricultural cooperative and the procedure for such exclusion. The person excluded from an agricultural cooperative must be notified in writing within ten working days from the date of adoption by the General meeting of members of the cooperative the decision on its exception.

2. The person excluded from an agricultural cooperative may appeal the decision of the General meeting of members of the cooperative in the procedure established by the legislation of the Republic of Kazakhstan.

Article 32. Foreclosure for the debts of the member of the cooperative and the rights of successors of a member of cooperative inheritance and the reorganization of a legal entity which is a member of the cooperative

1. Co-op share member of the cooperative may be the subject of appeal on the claims of its creditors in the order established by the legislation of the Republic of Kazakhstan, with a lack of other property to cover such debts.

2. The heirs of the member of the cooperative may acquire the rights of a member of the cooperative on the basis of the application, unless otherwise provided by the Charter of an agricultural cooperative.

3. In the case of reorganization of a legal entity that is a member of the cooperative or associate member of the cooperative, through its transformation to other organizational and legal forms of the rights of the member of the cooperative acquires a newly created legal entity, except the cases when there are grounds for termination of membership in connection with the conversion.

4. In the case of reorganization of a legal entity that is a member of the cooperative or associate member of the cooperative by joining the membership of the acquired legal entity is terminated and his share goes to the legal entity that was joining. If a legal entity, to which was annexed, is not a member of the cooperative, its membership of the cooperative is carried out in a General manner.

5. In the case of reorganization of a legal entity that is a member of the cooperative or associate member of the cooperative, by division or merger, the membership of the reorganized legal entity shall be terminated. The right to receive a share of such member are transferred to newly formed legal persons in accordance with the separation balance sheet and an act of transfer. Rights of member of a cooperative such persons acquire based on the application.

6. In the case where the heirs of a member of the cooperative may not acquire rights of a member of the cooperative, they must be paid (issued) their share and also due to the member of the cooperative the cooperative pays and the portion of net income of an agricultural cooperative in the procedure established by the legislation of the Republic of Kazakhstan and the Charter of an agricultural cooperative.

Chapter 6. MANAGEMENT OF AGRICULTURAL COOPERATIVE

Article 33. The system of management bodies of an agricultural cooperative

1. The management bodies of an agricultural cooperative are:

1) Supreme body – General meeting of the members of the cooperative;

2) Executive body – the management Board headed by the Chairman, except for cases established by this Law;

3) the controlling body – audit Commission.

2. The system of management bodies of an agricultural cooperative and their powers, procedure of election and dismissal of Board members, as well as the procedure for convening and holding the General meeting of cooperative members shall be established in accordance with this Law, the Charter of an agricultural cooperative.

3. The members of the cooperative can appeal in court of decisions and actions (inaction) of management bodies of an agricultural cooperative.

Article 34. General meeting of the members of the cooperative

1. The General meeting of cooperative members is the highest body of management of agricultural cooperative.

2. Each member of the cooperative is entitled to one vote when making decisions on all questions of activity of agricultural cooperatives, regardless of size and number of its property (share) contributions, with the exception of associate members of the cooperative.

3. The exclusive competence of the General meeting of members of the cooperative are:

1) election of the Executive body and its head, as well as their re-election;

2) introduction of amendments and additions to the Charter of an agricultural cooperative, the adoption of the Charter of an agricultural cooperative in the new edition;

3) determining procedure and periodicity of submitting financial statements Executive bodies;

4) approval of annual reports and accounting balance sheets of an agricultural cooperative, distribution cooperative payments and of income or loss of an agricultural cooperative;

5) determination of the form of liability of the members of the cooperative, with the exception of associate members of the cooperative;

6) the establishment and change of size of property (share) contributions by the cooperative members and associated members of the cooperative, and additional contributions ;

7) establish the types, size, order of formation and use of funds of an agricultural cooperative;

8) acceptance and termination of membership in the agricultural cooperative;

9) reorganization and liquidation of agricultural cooperative;

10) acceptance limits established by this Law, decisions on the participation of agricultural cooperatives in establishing and (or) activities of other legal entities and their branches and representative offices;

11) other issues stipulated by this Law and the Charter of an agricultural cooperative.

General meeting of the members of the cooperative may accept for consideration any issues relating to the activities of an agricultural cooperative.

4. The General meeting of cooperative members shall be convened as necessary but at least once a year. The General meeting of cooperative members shall be convened at the proposal of the Executive body or at the request of not less than one-third of the members of the cooperative.

5. General meeting of the members of the cooperative is authorized to take decisions if it is attended by a qualified majority of two thirds of the members of the cooperative. The decision at the General meeting of members of the cooperative shall be adopted by open voting and shall be considered adopted by a majority vote of the present members of the cooperative, except in the cases provided for in article 18 of this Law. At the request of not less than one third of those present at a General meeting of the members a vote may be secret.

6. A member of the cooperative entitled to participate at the General meeting of members of the cooperative in person or through a representative. As the representative entitled to act as a capable individual, with the exception of other members, including the associate, the agricultural cooperative that has a notarized power of attorney from the member of the cooperative.

Article 35. The Board of an agricultural cooperative

1. The Executive body of the agricultural cooperative is its Board, whose members are elected by the General meeting of the members of the cooperative.

2. The Board is headed by the Chairman elected by the General meeting of cooperative members the number of Board members.

In agricultural cooperatives with a membership of no more than ten allowed the imposition of the functions of the Board the Chairman of an agricultural cooperative (sole Executive body).

The number of members of the Board, and the term for which elected, the Board (Chairman of the agricultural cooperative), determined by the Charter of an agricultural cooperative.

Board member (Chairman of the agricultural cooperative) may not simultaneously be a member of another control body of the agricultural cooperative, with the exception of the General meeting of members of the cooperative.

3. The members of the Board (Chairman of the agricultural cooperative) may be released from duty at any time by decision of the General meeting of cooperative members.

The Board (Chairman of the agricultural cooperative) controlled by and accountable to the General meeting of members of the cooperative.

4. The jurisdiction of the Board (Chairman of an agricultural cooperative) is the solution of all current questions of activity of agricultural cooperatives, not referred by this Law and constitutive documents of an agricultural cooperative to the exclusive competence of the General meeting of cooperative members.

5. The Board takes its decisions at meetings held as necessary but at least once in three months.

The Board meeting is considered competent if attended by two thirds of the members of the Board.

Matters at the meeting of the Board be decided in an open vote. The Board's decision shall be considered adopted if voted for by two-thirds of the members of the Board.

The Charter of an agricultural cooperative may provide for a range of issues in respect of which a decision shall be deemed adopted if voted unanimously by all Board members.

6. Chairman of the Board (Chairman of the agricultural cooperative) acts on behalf of an agricultural cooperative without power of attorney; manages the property of an agricultural cooperative within the limits stipulated in this Law and the Charter of an agricultural cooperative; issue powers of attorney, including power of substitution, on behalf of an agricultural cooperative; open accounts agricultural cooperative in banks and other financial institutions; carries out hiring and dismissal of employees of an agricultural cooperative; within its competence, issues orders and gives instructions obligatory for execution by members of the cooperative and its employees.

Article 36. Audit financial-economic activities of agricultural cooperative

1. The agricultural cooperative is entitled to carry out an audit of its financial-economic activity independently on the initiative of not less one third of the members of the cooperative (the initiative of the audit group) or by creating a decision of the General meeting of the members of the control body – the auditing Commission or by joining the audit Union of agricultural cooperatives in accordance with article 37 of this Law.

2. To conduct audits of the composition of the initiative of the audit team or the audit Commission can be involved in accordance with the legislation of the Republic of Kazakhstan auditors, specialists in Finance and accounting and others, payment for services which are performed at the expense of the agricultural cooperative.

Board members cannot be members of the initiative of the audit team or the audit Committee.

The initiative by the audit team and the audit Committee is accountable to the General meeting of members of the cooperative.

3. Members of the initiative of the audit team or the audit Committee in conducting audits of financial and economic activities of the agricultural cooperative have the right of unconditional access to all documentation of an agricultural cooperative. At their request the members of the Board (Chairman of the agricultural cooperative) are obliged to give necessary explanations in oral or written form. The test results are sent to the General meeting of cooperative members to take appropriate decisions.

Article 37. Audit Union of agricultural cooperatives

1. Audit Union of agricultural cooperatives (hereinafter – the auditing Union) is a voluntary Association of agricultural cooperatives established as non-profit organizations and performing internal audit of financial and economic activities of its member agricultural cooperatives, the coordination of these activities, providing members of the auditing Union of

related internal audit services, and other activities not contradicting the legislation of the Republic of Kazakhstan provided for by the constituent documents of the auditing Union.

2. Audit Alliance is established on the initiative of not less than ten agricultural cooperatives who are its founders.

3. The agricultural cooperative have the right to enter one of the auditing unions of their choice. Agricultural cooperative may not simultaneously be a member of more than one auditing Union.

4. The auditing Union carries out its activities in accordance with this Law, bylaws and articles of incorporation. The Supreme bodies of management of the audit of the Union are the General meeting of the members of the auditing Union and elected by the General meeting of members of the auditing Union of its Supervisory Board. The Executive body of the auditing Union Executive Director is hired by the Supervisory Board on the basis of an employment contract.

5. The auditing Union carries out internal audit in accordance with the rules of the auditing Union, approved by the General meeting of members of the auditing Union.

6. Financial audit of the Union is based on estimates of income and expenses approved by the General meeting of members of the auditing Union in accordance with its constituent documents. The costs of the auditing Union on the implementation of internal audit and the provision of related internal audit services are paid by membership dues, the amount of which is established on the basis of said estimates, or other sources in accordance with the legislation of the Republic of Kazakhstan.

7. The auditing Union by results of the internal audit is in writing the conclusion of an internal audit, which is the official document intended for cooperative members and other users of financial statements of agricultural cooperatives and containing, expressed in the prescribed form an opinion of the auditing Union on the reliability of financial reporting of agricultural cooperatives, according to the order of the agricultural cooperative accounting legislation of the Republic of Kazakhstan compliance by the management bodies of an agricultural cooperative provisions of the Charter and legislation of the Republic of Kazakhstan, as well as data on violations that can lead to a deterioration of results of financial and economic activities of members of the auditing Union or the insolvency (bankruptcy).

8. Form, contents, order of signing and submission of the report of the internal audit are determined by the rules of the auditing Union.

9. The auditing Union has the right to issue orders on elimination of revealed violations and deficiencies, and to monitor their execution.

10. Not less than fifty percent of the members of the Supervisory Board of the auditing Union shall be the members of the audit committees of agricultural cooperatives who are members of the audit Union.

11. Name of the audit Union shall contain the words “Audit Union of agricultural cooperatives”.

Article 38. Audit of financial-economic activity of agricultural cooperative

1. To verify and confirm the correctness of the annual financial statements of the agricultural cooperative, as well as the current state of its Affairs, the General meeting of the members convened on the initiative of not less than one third of its members, entitled to take a decision on auditing financial and economic activities of an agricultural cooperative through the engagement of an independent auditing organization.

The report on the results of the audit is reviewed and approved by the General meeting of members of the cooperative within one month after its completion.

2. The members of the cooperative may require, at its expense, audit of financial-economic activity of agricultural cooperative.

3. If the Executive declines and (or) otherwise impede the conduct of the audit of financial-economic activity of agricultural cooperative, the audit may be appointed by the court, by request of interested persons.

Article 39. Associations (unions) of agricultural cooperatives

1. Agricultural cooperatives can unite into associations (unions) of agricultural cooperatives, non-profit organizations.

2. Associations (unions) of agricultural cooperatives are organized on a voluntary basis, carry out functions delegated to them by the founders.

3. Associations (unions) of agricultural cooperatives agricultural cooperatives are established on the basis of decisions of the General meeting not less than two agricultural cooperatives to coordinate their activities, protect their common property and other rights, represent their interests in state bodies, bodies of local self-government bodies, governmental and non-governmental organizations, international organizations, and providing legal, informational, consulting and other services to the members of the Association (Union) of agricultural cooperatives.

4. Association (Union) of agricultural cooperatives operates on the basis of the Memorandum and articles of Association, while its members retain their independence and legal entity rights.

5. The basic functions of an Association (Union) of agricultural cooperatives:

1) coordination and assistance in the development of associations of agricultural producers, to promote the ideas and principles of agricultural cooperation;

2) protect the rights, property and economic interests of agricultural cooperatives, their members, providing them with legal, methodological and other practical assistance, including the development of documents generated in the activities of agricultural cooperatives;

3) representation of interests of agricultural cooperatives in the state bodies, bodies of local self-government, public and private organizations, development of foreign economic relations, international relations, assistance to attraction of investments;

4) assistance in logistics of agricultural cooperatives, regulation of cross-sectoral exchange and pricing of agricultural products, aquaculture (fish farming);

5) participate in cooperation with the state authorities in the formation of market infrastructure, development of information and educational services to members of the Association (Union) agricultural cooperatives;

6) assistance in introduction of new equipment, technology, organization of experience exchange, scientific and technical information and organization of patent-licensing and leasing.

6. Associations (unions) of agricultural cooperatives entitled to carry out other functions not contradicting the legislation of the Republic of Kazakhstan, established by the constituent contract or the Charter.

7. Funding for activities of associations (unions) of agricultural cooperatives is carried out through an annual contractual contributions of agricultural cooperatives (membership dues), United in the Association (Union).

8. Reorganization and liquidation of associations (unions) of agricultural cooperatives are carried out in the order established by the legislation of the Republic of Kazakhstan.

Chapter 7. REORGANIZATION AND LIQUIDATION AGRICULTURAL COOPERATIVE

Article 40. The reorganization of the agricultural cooperative

1. The reorganization of the agricultural cooperative (merger, joining, division, allocation, transformation) is carried out by decision of the General meeting of cooperative members or by the court in accordance with the legislation of the Republic of Kazakhstan.

2. In the reorganization of agricultural co-operative change and (or) additions in the Charter of an agricultural cooperative or the adoption of the Charter of an agricultural cooperative in the new edition are realized in accordance with the requirements of the legislation of the Republic of Kazakhstan.

3. With the reorganization of the agricultural cooperative of its rights and obligations pass to successors in title in accordance with transfer act and (or) the separation balance sheet. These documents must contain provisions on succession for all obligations of the reorganized agricultural cooperative in respect of all its creditors and debtors, including obligations contested by the parties.

4. The transfer certificate and (or) separation balance sheet approved by the General meeting of the members and submitted for state registration in the order established by the legislation of the Republic of Kazakhstan.

Article 41. Liquidation of an agricultural cooperative

1. Agricultural cooperative may be liquidated by decision of the General meeting of cooperative members (voluntary liquidation) or on the basis of a court decision in cases stipulated by the laws of the Republic of Kazakhstan (compulsory liquidation).

2. Liquidation of an agricultural cooperative shall be in accordance with the Civil code of the Republic of Kazakhstan with the requirements of the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy, and of this Law.

Article 42. The order of entry into force of this Law

1. The present Law shall enter into force from 1 January 2016.

2. To recognize become invalid:

1) The Law of the Republic of Kazakhstan dated 21 July 1999 "On Rural Consumer Cooperation in the Republic of Kazakhstan" (Bulletin of the Parliament of the Republic of Kazakhstan, 1999, № 21, art. 770; 2006, № 8, art. 45; 2007, № 9, art. 67; 2012, № 21-22, art. 124; 2014, № 10, art. 52);

2) The Law of the Republic of Kazakhstan dated 25 December, 2000 "On Agricultural Partnership and its Associations (Unions)" (Bulletin of the Parliament of the Republic of Kazakhstan, 2000, № 23, art. 413; 2006, № 8, art. 45; 2007, № 9, art. 67; 2011, № 6, art. 49; 2014, № 10, art. 52);

3) the Law of the Republic of Kazakhstan dated 8 April 2003 "On rural consumer cooperative of water users".

3. Rural consumer cooperatives, rural consumer cooperatives of water users, agricultural partnerships are required to go through the procedure of reorganization or liquidation in accordance with the legislation of the Republic of Kazakhstan.

Failure to comply with these requirements upon the expiration of one year from the date of entry into force of this Law, these cooperatives are subject to liquidation by court order.

*The President
of the Republic of Kazakhstan*

N. NAZARBAYEV