

On self-regulation

Unofficial translation

The Law of the Republic of Kazakhstan dated 12 November 2015 № 390-IV LRK.

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The present law regulates social relations, connected with self-regulation of entrepreneur and professional activities in the Republic of Kazakhstan, defines conditions and functioning of self-regulating organizations, membership (participation) in them and their legal status.

Chapter 1. GENERAL PROVISIONS

Article 1. Basic definitions, used in this Law

The present law suggests the following basic definitions:

- 1) Personal interest - material and (or) other interest of a member (participant) of a self-regulatory organization, a person who is a part of the management bodies of a self-regulatory organization, an individual acting on the basis of an employment contract or civil contract, which affects or may affect the maintenance of the rights and legitimate interests of the self-regulatory organization and (or) its members (participants);
- 2) Professional activity is the activity of an individual, requiring the possession of special theoretical knowledge, practical skills and skills acquired as a result of special training, as well as work experience;
- 3) Self-regulatory organization - non-profit organization in the form of an association (union), public association or other organizational and legal form established by the Laws of the Republic of Kazakhstan, based on the voluntary or compulsory membership (participation) of private business entities or subjects of professional activity on the basis of the commonality of activity, industry, economic activity, market of manufactured goods (works, services);
- 4) The rules of a self-regulatory organization is a document that determines the organization of activities of a self-regulatory organization and its members (participants);
- 5) The standard of a self-regulatory organization is a document establishing requirements for repeated use by members (participants) of a self-regulatory organization of unified and mandatory principles, characteristics to their goods (works, services) and type of activity;
- 6) Self-regulation is a set of measures provided for by this Law aimed at the independent regulation by individuals and legal entities of their entrepreneurial or professional activities based on the approval of rules and standards of a self-regulatory organization, monitoring their compliance, and ensuring the property responsibility of subjects of self-regulation;

7) Conflict of interests in self-regulation is a case in which the personal interest of members (members), individuals acting on the basis of an employment contract or a civil law contract with a self-regulatory organization, affects or may affect the performance of their professional (member) duties and (or) entails the emergence of a contradiction between such personal interest and the legitimate interests of a self-regulatory organization that is capable of causing harm to legitimate interests with self-regulatory organization or the threat of such a contradiction;

8) The authorized body in the field of self-regulation (hereinafter referred to as the authorized body) is the central executive body that exercises management, and also within the limits provided by the legislation of the Republic of Kazakhstan, intersectoral coordination on issues of self-regulation;

9) Subjects of self-regulation are self-regulatory organizations, members (participants) of self-regulatory organizations;

10) Compensation fund is money accumulated from sources of formation of property of a self-regulatory organization for the implementation of guarantee payments in cases of failure of the self-regulatory organization, its members (participants) to obligations to consumers and other persons;

11) Regulating state bodies are state bodies executing management in a separate branch or sphere of public administration, in which self-regulation has been introduced or is planned to be introduced.

Footnote. Article 1 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 2. Legislation of the Republic of Kazakhstan on self-regulation

1. The legislation of the Republic of Kazakhstan on self-regulation 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 normative 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 shall be applied.

Article 3. Types and introduction of self-regulation

1. Self-regulation is based on voluntary or mandatory membership (participation).

2. Self-regulation, based on voluntary membership (participation), operates along with state regulation in the areas of entrepreneurial or professional activity, establishing requirements for subjects of self-regulation and their activities above the requirements established by the legislation of the Republic of Kazakhstan.

3. Self-regulation based on compulsory membership (participation) in the field of entrepreneurial or professional activity shall be introduced on the basis of the Laws of the

Republic of Kazakhstan in the manner defined by this Law in the field of activity associated with the implementation of state functions or the need to delegate certain functions performed by state agencies.

In the case of introduction of self-regulation in the field of entrepreneurial or professional activity based on compulsory membership (participation), for a self-regulating organization based on voluntary membership (participation) created in organizational and legal form of public association by the Laws of the Republic of Kazakhstan shall establish other organizational and legal form.

4. In order to introduce self-regulation based on mandatory membership (participation), the regulating state body and interested parties must preliminarily conduct a procedure for analyzing the regulatory impact on the draft documents they develop in accordance with the Entrepreneurship Code of the Republic of Kazakhstan.

The purpose of the regulatory impact analysis is to increase the effectiveness and efficiency of public policy regarding the use of self-regulation based on mandatory membership (participation), through the evaluation of alternative regulatory approaches to achieve specific goals or solve clearly defined problems.

Analysis of regulatory impact shall be conducted before and after the introduction of self-regulation based on mandatory membership (participation).

Based on the results of the regulatory impact analysis depending on the effectiveness of self-regulation based on mandatory membership (participation), it can be introduced, canceled or otherwise revised.

4-1. Self-regulation based on compulsory membership (participation) in the field of entrepreneurial or professional activities shall be imposed only if self-regulatory organisations operating in this field are based on voluntary membership (participation), and (or) other non-commercial organisations with compulsory membership of actors of entrepreneurial or professional activities, excluding the National Chamber of Entrepreneurs of the Republic of Kazakhstan.

4-2. Self-regulation shall be introduced only in case of existence of state regulation in the relevant industry or sphere of state administration in which such self-regulation is intended to be introduced.

5. Self-regulating organizations cannot be established in the sphere of national security, defense, maintenance of public order.

Footnote. Article 3 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); № 95-VII of 30.12.2021 (shall enter into force ten calendar days after the date of its first official publication); № 71-VIII of 06.04.2024 (shall be entered into force sixty calendar days after the date of its first official publication).

Article 4. Main purposes and principles of self-regulation

1. Main purposes of self-regulation are:

- 1) improving the quality and competitiveness of domestic goods (works, services);
- 2) increasing the competitiveness of domestic industries;
- 3) increasing the responsibility of market participants to consumers;
- 4) organising efficient liaison between self-regulatory actors and government regulators.

2. The general principles of self-regulation are:

1) legality which is the introduction and implementation of self-regulation in accordance with this Law and other laws of the Republic of Kazakhstan subject to the observance of the rights of all interested persons;

2) equality which is the existence of equal rights and duties of members (participants) of a self-regulatory organization;

3) self-financing which is financing the activities of a self-regulating organization on the basis of membership fees and other sources not prohibited by the laws of the Republic of Kazakhstan;

4) responsibility which is the use by self-regulating organizations in accordance with this Law and other laws of the Republic of Kazakhstan of mechanisms for guaranteeing property liability to third parties for damage caused by the actions of members (participants) of these self-regulatory organizations;

5) transparency of activities which are maximally open activities of self-regulating organizations with ensuring accessibility of information for interested persons;

6) dependence on reputation (reputational dependence) which is dependence of members (participants) of self-regulatory organizations on their business and professional reputation;

7) mutual assistance and protection of interests is providing of self-regulating organizations with assistance to their members (members), as well as protecting of their interests;

8) independence is the inadmissibility of interference in the activities of self-regulating organizations by state bodies, other organizations and officials, except in cases directly provided for by the laws of the Republic of Kazakhstan;

9) fair competition.

3. Main principles of self-regulation based on the voluntary membership (participation) are:

1) freedom of association that is the choice for voluntary association of persons in a self-regulatory organization;

2) the commonality of the industry is the association of entrepreneurs on the basis of the unity of the types of activities for which are characterized by the similarity (similar or related characteristics) of the produced goods (works, services), technology, the stage of the life cycle of production facilities.

4. The main principles of self-regulation based on mandatory membership (participation) are:

1) effectiveness that is the introduction of self-regulation carried out only on condition that it will ensure more effective achievement of the goals set by the state regulation;

2) elimination of duplication which is a clear delineation of the competence of state bodies and self-regulatory organizations with a view to eliminating double control over members (participants) of self-regulating organizations.

Footnote. Article 4 as amended by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (see Article 2 for the enactment procedure).

Chapter 2. FUNCTIONS OF STATE BODIES AND NATIONAL CHAMBER OF ENTREPRENEURS IN THE REPUBLIC OF KAZAKHSTAN IN THE SCOPE OF SELF-REGULATION

Article 5. Competence of the Government of the Republic of Kazakhstan

The Government of the Republic of Kazakhstan develops the main state policy directions on the development of self-regulation and organizes their implementation.

Footnote. Article 5 as amended by the Law of the Republic of Kazakhstan dated 19.04.2023 № 223-VII (shall be enforced ten calendar days after the date of its first official publication).

Article 6. Competence of the authorized body

The authorized body:

1) forms and implements the state policy on self-regulation issues;
2) develops and approves rules for keeping the register of self-regulating organizations; 3) provides methodological assistance and coordination of the activities of regulatory state bodies on the implementation of regulatory impact analysis;

3) Is excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication);

4) Is excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication);

4-1) draws up and adopts regulations for the conclusion of a performance agreement with a self-regulatory organisation based on voluntary membership (participation);

5) exercises other powers provided for 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.

Footnote. Article 6 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); № 95-VII of 30.12.2021 (shall be brought into effect on 01.01.2023); dated 19.04.2023 № 223-VII (shall be enforced ten calendar days after the date of its first official publication).

Article 7. Competence of regulatory state bodies

Regulatory authorities:

- 1) develop and agree with the authorized body draft regulatory legal acts on self-regulation;
- 2) analyze the regulatory impact;
- 3) maintain a register of self-regulating organizations in the relevant field (industry);
- 4) agree regulations and standards of self-regulatory organisations based on compulsory or voluntary membership (participation);
- 4-1) handle consumer complaints against self-regulatory organisations that are ineffective in resolving consumer disputes over violations of the legislation of the Republic of Kazakhstan on the protection of consumer rights;
- 4-2) enter into a performance agreement with a self-regulatory organisation based on voluntary membership (participation);
- 4-3) elaborate and adopt a range of measures for the development of self-regulation, also considering justified proposals of the authorised body, the National Chamber of Entrepreneurs of the Republic of Kazakhstan;
- 5) exercise other powers provided for by this Law by other legislation of the Republic of Kazakhstan.

Footnote. Article 7 as amended by Law of the RK № 346-VI dated 25.06.2020 (shall come into force ten calendar days after the date of its first official publication); № 95-VII of 30.12.2021 (see Article 2 for the implementation procedure).

Article 8. Interaction of self-regulating organizations in the scope of entrepreneurial activity with the National Chamber of Entrepreneurs of the Republic of Kazakhstan.

The National Chamber of Entrepreneurs of the Republic of Kazakhstan interacts with self-regulating organizations in the scope of entrepreneurial activity in accordance with the procedure provided for by this Law, other normative legal acts of the Republic of Kazakhstan, including:

- 1) presents, protects the rights and legitimate interests of self-regulating organizations in the scope of entrepreneurial activity and their members (participants), in cases of their circulation, in state bodies of the Republic of Kazakhstan, as well as international organizations and foreign states in accordance with the legislation of the Republic of Kazakhstan;
- 2) when introducing self-regulation based on mandatory membership (participation) of business entities, conducts an alternative analysis of the regulatory impact in case of disagreement with the findings of regulatory impact analysis conducted by regulatory authorities;
- 3) contributes to the development of rules and standards of self-regulatory organizations in the scope of entrepreneurial activity, and also provides a conclusion on the rules and standards of self-regulating organizations in the scope of entrepreneurial activity based on mandatory membership (participation);

4) submits for the examination to self-regulated organizations in the scope of entrepreneurial activity draft regulatory legal acts of the Republic of Kazakhstan relating to the activities of self-regulating organizations and their members (participants) entering the National Chamber of Entrepreneurs of the Republic of Kazakhstan;

5) provides arbitration services for the settlement of disputes arising between members (members) of a self-regulatory organization in the scope of entrepreneurial activity, as well as between them and consumers made by members (participants) of a self-regulatory organization of goods (work, services), by other persons, in accordance with the legislation of the Republic Kazakhstan;

6) carries out accreditation of self-regulating organizations in the field of entrepreneurial activity in the system of the National Chamber of Entrepreneurs of the Republic of Kazakhstan in the manner prescribed by the Law of the Republic of Kazakhstan “On the National Chamber of Entrepreneurs of the Republic of Kazakhstan”.

Chapter 3. ACTIVITIES OF SELF-REGALATED ORGANIZATIONS

Article 9. Establishment and termination of activity of self-regulated organizations

1. A self-regulatory organization shall be established and terminate activities on the initiative of individuals or legal entities that carry out entrepreneurial or professional activities , or in accordance with the laws of the Republic of Kazakhstan.

A self-regulating organization can be liquidated voluntarily or compulsorily on the basis and in accordance with the procedure provided for by the Law of the Republic of Kazakhstan “On Non-Profit Organizations” and other laws of the Republic of Kazakhstan.

2. The terms and procedure for the acquisition and loss of membership (participation) shall be determined by the laws of the Republic of Kazakhstan and the charter of the self-regulatory organization.

In self-regulation based on mandatory membership (participation), the requirements to the number of their members (members) shall be established by the laws of the Republic of Kazakhstan.

3. In the event of the liquidation of a self-regulatory organization based on mandatory membership (participation), its members (participants) are required to enter into another self-regulatory organization based on mandatory membership (participation) for three months without paying an entrance fee.

Within the period specified in part one of this paragraph, such members (members) are entitled to carry out entrepreneurial or professional activities.

4. The basis for initiating, as well as terminating the activity of a self-regulatory organization, is notification of this sent to the regulatory body. The notification is sent in accordance with the Law of the Republic of Kazakhstan “On Permits and Notifications”.

Within two months after direction of notification, the self-regulatory organization shall submit the following documents to the regulatory state agency:

1) charter of a self-regulatory organization containing the information provided by this Law;

2) rules and standards of a self-regulatory organization;

3) confirming that the self-regulatory organization has one or more ways of ensuring property liability to consumers of goods (works, services) and other persons produced by its members (participants).

5. The exclusion from the register of self-regulatory organizations shall be based on:

1) decisions of the general meeting of members (participants) of a self-regulatory organization on voluntary exclusion from the register of self-regulatory organizations, liquidation of a self-regulatory organization or the reorganization of a self-regulatory organization in the form of a merger, accession, split or spin-off;

2) adoption of the Law of the Republic of Kazakhstan, revising or abolishing self-regulation based on compulsory membership (participation) in the field where one self-regulatory organization operates;

3) failure to submit within two months the documents provided by part three of Paragraph 4 of this Article;

4) an enforceable court decision to terminate the activities of a self-regulatory organisation and remove it from the register of self-regulatory organisations.

The exclusion of a self-regulatory organization from the register of self-regulatory organizations on other grounds shall not be allowed, unless otherwise provided by the Laws of the Republic of Kazakhstan.

6. The decision of the state regulatory authority to exclude a self-regulatory organisation from the register of self-regulatory organisations may be appealed to the court.

An appeal against the decision of the state regulatory authority to exclude a self-regulatory organisation from the register of self-regulatory organisations shall not suspend the execution of that decision.

Footnote. Article 9 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); № 346-VI of 25.06.2020 (shall come into force ten calendar days after the date of its first official publication).

Article 10. Constituent documents of a self-regulatory organization

1. Statutes and/or memorandum of association shall be the founding documents of a self-regulatory organisation.

2. The charter of a self-regulatory organization should provide for:

1) the name, location, subject and purpose of the self-regulatory organization;

2) the conditions and procedure for admission to membership (participants) and termination of membership (participation) in a self-regulatory organization;

3) the organizational structure of a self-regulatory organization;

4) the structure, procedure for forming, competence and terms of office of the self-regulatory organization's management bodies, the location of the collegial management body of the self-regulatory organization;

5) the procedure, deadlines for reporting bodies of the self-regulatory organization, members (members) and control over their activities;

6) the rights and obligations of the self-regulatory organization and its members (participants), including the obligation to comply with the rules and standards they adopt; 7) sources of formation of property of a self-regulatory organization, the rights of its property management bodies;

8) the procedure for making contributions, their targeted use and reporting on this;

9) the procedure for informing its members (participants) about the receipt and expenditure of money;

10) the procedure for making changes and (or) amendments to the constituent documents of a self-regulatory organization;

11) the procedure for deciding on the reorganization and liquidation of a self-regulatory organization, the procedure for using property in the event of its liquidation.

3. Memorandum of Association is an agreement between the founders on the establishment of a self-regulatory organization, which defines the procedure for joint activities to create it, the conditions for transferring its property (operative management) into its ownership and participation in its activities.

It also establishes the conditions and procedure for managing the activities of a self-regulatory organization, the withdrawal of founders from its membership, unless otherwise provided by the laws of the Republic of Kazakhstan on certain types of non-profit organizations.

4. Other conditions that are not inconsistent with the legislation of the Republic of Kazakhstan may be included in the constituent agreement by the consent of the founders. The founding agreement is signed by all founders or persons authorized by them.

5. Constituent documents may provide for restrictions on membership (participation) in other self-regulatory organizations, as well as other provisions that do not contradict the legislation of the Republic of Kazakhstan.

Footnote. Article 10 as amended by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall be enacted ten calendar days after the date of its first official publication).

Article 11. The register of self-regulating organizations

1. The register of self-regulating organizations - the list of self-regulating organizations, containing information about their requisites, their activities, their branches, formed on the basis of notifications filed in accordance with the Law of the Republic of Kazakhstan “On Permits and Notifications”.

2. The state bodies, in order to practice their powers, shall be obliged to receive information about self-regulating organizations in the state bodies that receive notifications, without additional demand from them for the confirmation of this information.

3. Information on self-regulatory organizations is provided in the form of an electronic certificate to interested persons, government agencies for use in work.

Article 12. Management bodies of a self-regulatory organization

The management bodies of a self-regulatory organization are:

- 1) a general meeting of members (participants) of a self-regulatory organization;
- 2) the collegial management body of a self-regulatory organization;
- 3) the executive body of the self-regulatory organization;
- 4) the control body (audit commission) of a self-regulatory organization.

In a self-regulatory organization, the functions of a collegial management body can be performed by a general meeting of members (participants) of a self-regulatory organization.

The terms and order of election of the heads and members of the management bodies of a self-regulatory organisation shall be prescribed by the statutes of the self-regulatory organisation and/or by the laws of the Republic of Kazakhstan.

Footnote. Article 12 as amended by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall enter into force ten calendar days after the date of its first official publication).

Article 13. General meeting of members (members) of a self-regulatory organization

1. The general meeting of members (members) of a self-regulatory organization is the supreme management body of a self-regulatory organization competent to review the issues of the self-regulating organization referred to its competence by this Law, other laws of the Republic of Kazakhstan and its charter.

2. A general meeting of members (members) of a self-regulatory organization shall be convened at regular intervals and in accordance with the procedure established by its charter, but not less than once a year.

3. The following issues shall fall within the competence of the general meeting of members (participants) of a self-regulatory organization:

1) the approval of the charter of a self-regulatory organization, the introduction of changes and (or) amendments;

2) election of directors and members of the collegial management body of the self-regulatory organization, early termination of the powers of the said body or early termination of the powers of the leaders or its individual members;

3) appointment of persons performing the functions of an executive body for the management of a self-regulatory organization, early release from office, as well as the formation of an executive management body and the termination of its powers;

4) election of members of the control body (audit commission) of the self-regulatory organization in the manner established by the charter of the self-regulatory organization;

5) approval of measures of influence, procedure and grounds for their application, procedures for considering cases of violation by members (participants) of a self-regulatory organization of requirements of rules and standards of a self-regulatory organization, conditions for membership (participation) in a self-regulatory organization;

6) determination of priority directions of activity of the self-regulatory organization, principles of formation and use of its property;

7) approving the reports of the collegial management body, the executive management body, the control body (auditing committee) and specialised bodies pursuant to the procedure and at intervals laid down in the statutes of the self-regulatory organisation;

8) approval of the budget of the self-regulatory organization, making changes and (or) amendments to it, approving the annual financial statements of the self-regulatory organization;

9) adoption of a decision on the reorganization or liquidation of a self-regulatory organization, appointment of a liquidator or liquidation commission;

10) consideration of applications of persons for the unjustified exclusion of members (members) of a self-regulatory organization;

11) approval of rules and standards of self-regulatory organization

12) appointment of an audit firm to verify the accounting records and financial statements of a self-regulatory organization;

13) adoption of other decisions in accordance with the laws of the Republic of Kazakhstan and the charter of a self-regulatory organization.

4. If the general meeting of members (participants) of a self-regulatory organization of the functions of its collegial management body holds, the general meetings of the members (participants) of a self-regulatory organization shall be held no less than once in every three months.

Footnote. Article 13 as amended by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall become effective ten calendar days after the date of its first official publication).

Article 14. Procedure for convening a general meeting of members (members) of a self-regulatory organization

1. General meetings of members (members) of a self-regulatory organization are divided into annual and extraordinary.

A self-regulating organization shall be obliged to hold an annual general meeting of members (participants) of a self-regulating organization annually. Other general meetings of members (members) of a self-regulatory organization are extraordinary. Members (members) of a self-regulatory organization, including those who are founders of a self-regulatory organization, are equal to each other, each of which has one vote.

Transfer of voting rights by a member (participant) of a self-regulatory organization to another person, including another member (participant) of a self-regulatory organization, shall not be allowed.

Only a legal representative of a member (participant) of a self-regulatory organisation may transfer voting rights to another person, including another member (participant) of the self-regulatory organisation.

At the first general meeting of members (participants) of a self-regulatory organization, a collegial governing body of a self-regulatory organization is elected, an executive body for the management of a self-regulatory organization is appointed, and the charter of a self-regulatory organization is approved.

The decision is made by a qualified majority of members (members) of the self-regulatory organization, which is two-thirds of the total number of voting members (participants) of the self-regulatory organization.

The first general meeting of members (members) of a self-regulatory organization shall be entitled to consider other issues, the adoption of decisions on which is attributed to the competence of the general meeting of members (participants) of the self-regulatory organization.

2. The annual general meeting of members (participants) of a self-regulatory organization shall approve:

- 1) annual financial statements of a self-regulatory organization;
- 2) a report of the self-regulatory organization's management bodies to the members (participants) of the self-regulatory organization.

The decision on such issues is made by a simple majority of the voting members (participants) of the self-regulatory organization. The annual general meeting of members (members) of a self-regulatory organization is entitled to consider other issues, the adoption of decisions on which is attributed to the competence of the general meeting of members (participants) of a self-regulatory organization.

3. The annual general meeting of members (participants) of a self-regulatory organization should be held within three months after the end of the fiscal year. The specified term is considered prolonged to two months in case of impossibility of end of audit of the self-adjustable organization for the accounting period.

4. The annual general meeting of members (members) of a self-regulatory organization is convened by the collegial management body of a self-regulatory organization, and in its absence, by the executive body of a self-regulatory organization.

5. An extraordinary general meeting of members (participants) of a self-regulatory organization shall be convened on the initiative of:

- 1) a collective governing body of a self-regulatory organization;
- 2) the executive body of the self-regulatory organization;
- 3) one third of the members (participants) of the self-regulatory organization.

The laws of the Republic of Kazakhstan, the charter of a self-regulatory organization may provide for other cases of convening an extraordinary general meeting of members (participants) of a self-regulatory organization.

6. Preparation and holding of a general meeting of members (members) of a self-regulatory organization shall be carried out:

- 1) by the collegial governing body of a self-regulatory organization;
- 2) by the executive body of the self-regulatory organization;
- 3) by the liquidation commission of a self-regulatory organization.

Preparation and holding of a general meeting of members (members) of a self-regulatory organization on the initiative of one third of the members (participants) of a self-regulatory organization are carried out by the executive body of the self-regulatory organization.

7. The expenses for convening, preparing and holding a general meeting of members (members) of a self-regulatory organization shall be borne by a self-regulating organization, unless otherwise provided by the charter of the self-regulatory organization.

8. The annual general meeting of members (members) of a self-regulatory organization may be convened and conducted on the basis of a court decision adopted at the request of any interested person in case of violation by the governing bodies of a self-regulatory organization of the procedure for convening an annual general meeting of members (participants) of a self-regulatory organization established by this Law.

Footnote. Article 14 as amended by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall come into force ten calendar days after the date of its first official publication).

Article 15. Collegial governing body of a self-regulatory organization

1. A collegial management body of a self-regulatory organization is formed from the number of individuals-members (members) of a self-regulatory organization and (or) representatives of legal persons-members (members) of a self-regulatory organization.

The collegial management body of a self-regulatory organization may include independent members in cases provided for by laws of the Republic of Kazakhstan or by the charter of a self-regulatory organization.

An independent member is a person who is not bound by membership (participation) in a self-regulatory organization and labor relations with a self-regulatory organization, its members (participants).

2. A member of the collegial management body of a self-regulating organization in writing must declare a conflict of interest in self-regulation.

3. If a member of the collegial management body of a self-regulatory organization violates the obligation to declare a conflict of interests in self-regulation and the possibility of causing harm to the legitimate interests of self-regulatory entities in connection with this, the general meeting of the members (participants) of the self-regulatory organization shall decide on early termination of the powers of this member.

4. Each member of the collegial management body of a self-regulatory organization has one vote in a vote.

5. The quantitative composition of the collegial management body of a self-regulatory organization, the procedure and conditions for its formation, activities, decision-making, termination of powers shall be established by the charter of a self-regulating organization.

6. The competence of the collegial management body of a self-regulatory organization includes the following issues:

1) excluded by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall come into effect ten calendar days after the date of its first official publication);

2) the creation of specialized bodies of a self-regulatory organization, the approval of regulations on them and the rules for the performance of their activities;

3) decision-making on carrying out of inspections of activity of executive body of management of the self-adjustable organization;

4) submission to the general meeting of members (participants) of a self-regulatory organization of a candidate or candidates for appointment to the executive body of a self-regulatory organization and their dismissal;

5) approval of the list of persons whose candidacies may be proposed as arbitrators, for their selection by the parties to disputes, considered on their applications in arbitration formed by a self-regulatory organization;

6) taking decisions on joining a member (participant) of a self-regulatory organization or expelling members of a self-regulatory organization on the grounds provided for by laws of the Republic of Kazakhstan or by the charter of a self-regulatory organization;

7) other issues provided for by the charter of the self-regulatory organization.

The matters covered by sub-paragraph 2) of part one of this paragraph may, under the charter of a self-regulatory organisation, fall within the competence of the general meeting of members (participants) of the self-regulatory organisation.

Footnote. Article 15 as amended by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall become effective ten calendar days after the date of its first official publication).

Article 16. Executive body of management of a self-regulatory organization

The competence of the executive body of a self-regulatory organization includes any issues of economic and other activities of a self-regulatory organization that are not within the competence of the general meeting of members (participants) of the self-regulatory organization and its collegiate management body.

The term of office of the executive body of the self-regulatory organization shall be established by its charter.

The executive body of the self-regulatory organization shall be appointed at least once every three years.

Article 17. Specialized bodies of a self-regulatory organization

1. The specialized bodies of a self-regulatory organization are:

1) a body that monitors compliance by members (participants) of a self-regulatory organization with requirements of rules and standards of a self-regulatory organization;

2) the body for reviewing cases of violations by members (participants) of a self-regulatory organization of the requirements of rules and standards of a self-regulatory organization, the conditions for membership (participation) in a self-regulatory organization;

2-1) the consumer dispute resolution body for disputes arising between members (participants) of the self-regulatory organisation and consumers, and other persons in the field of consumer protection;

3) other specialized bodies of the self-regulatory organization in accordance with the laws of the Republic of Kazakhstan and (or) the constituent documents of the self-regulatory organization.

2. The specialized body of a self-regulatory organization shall act on the basis of a provision approved by the collegial governing body of a self-regulatory organization and shall independently exercise its functions.

3. The body for reviewing cases of violation by members (participants) of a self-regulatory organization of the requirements of rules and standards of a self-regulatory organization, the conditions for membership (participation) based on the results of inspections conducted by the body monitoring the compliance of members (participants) of a self-regulatory organization with the requirements of rules and standards, on the actions of members (participants) of a self-regulatory organization sends recommendations to the collegial management body of a self-regulating organization on the application of sanctions against its members (participants).

4. The body for reviewing cases on application of self-regulatory organization of sanctions in respect of members (participants) sends recommendations to the collegial management body of a self-regulatory organization on the application of sanctions.

Footnote. Article 17 as amended by Law of the RK № 346-VI dated 25.06.2020 (shall be enacted ten calendar days after the date of its first official publication).

Article 18. The rights of a self-regulatory organization

A self-regulatory organization has the right:

1) to represent and protect the rights and interests of its members (members), and also be their representatives in relations with state bodies, individuals and legal entities in case of their circulation;

2) to submit proposals to state bodies on the adopted normative legal acts that infringe upon the rights and legal interests of subjects of self-regulation;

3) to appeal against decisions, actions (inaction) of government bodies, local authorities, public associations, organisations, officials and civil servants in the manner provided for by the laws of the Republic of Kazakhstan;

4) to participate in judicial and pre-trial settlement of disputes, including in arbitration; 5) to collect membership fees and form property of a self-regulatory organization from other sources not prohibited by the laws of the Republic of Kazakhstan;

6) to organize the conduct of professional training, certification of employees, members (members) of a self-regulatory organization;

7) excluded by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall be put into effect ten calendar days after the date of its first official publication);

8) to control the members (participants) of the self-regulatory organization in terms of compliance with the requirements of the rules and standards of the self-regulatory organization, the conditions for membership (participation) in the self-regulatory organization ;

9) to apply the sanctions provided for by the laws of the Republic of Kazakhstan and the charter of the self-regulatory organization, regarding its members (participants);

10) to make proposals to state bodies on bringing to justice of persons who violate the legislation of the Republic of Kazakhstan on self-regulation;

11) to cover their work in the mass media;

12) to receive information in central and local public authorities and local self-government bodies necessary for the fulfillment of the functions regulated by the laws of the Republic of Kazakhstan, regulated by the organization, in the manner established by the legislation of the Republic of Kazakhstan, with the exception of information constituting state secrets, commercial and other protected law is a mystery;

13) to engage in discussions of regulatory policy advisory documents of laws, draft regulations governing the activities of self-regulatory actors;

14) to propose to the public regulatory authorities the formulation and implementation of public policy in relation to the issue of self-regulation.

A self-regulatory organisation based on voluntary membership (participation) shall be entitled to coordinate the rules and standards developed with the regulatory public authority.

A self-regulating organization has other rights established by the laws of the Republic of Kazakhstan and the charter of a self-regulatory organization.

Footnote. Article 18 as amended by Law of the RK № 351-VI of 29.06.2020 (shall be enacted on 01.07.2021); № 95-VII of 30.12.2021 (see Article 2 for the enforcement procedure); № 157-VII of 05.11.2022 (shall be effective since 01.01.2023).

Article 19. Obligations of a self-regulatory organization

1. A self-regulatory organization shall be obliged:

1) to comply with the legislation of the Republic of Kazakhstan, the charter of a self-regulatory organization and the rules and standards it has adopted;

2) within the authority to take measures to prevent violation of the rights and legal interests of consumers of goods (works, services);

3) to conduct explanatory work among members (participants) to increase their legal literacy;

4) to inform members (participants) about the receipt and expenditure of money;

5) to ensure information transparency of its activities and activities of its members (participants);

5-1) to elaborate and adopt regulations and standards binding on the members (participants) of the self-regulatory organisation;

6) to agree with the public regulatory authority on regulations and standards for self-regulation based on compulsory membership (participation);

7) to analyze the activities of its members (participants) on the basis of information provided by them to the self-regulatory organization in the form of reports, with subsequent submission to the regulatory authorities in the manner prescribed by the laws of the Republic of Kazakhstan, the charter of a self-regulatory organization or other document approved by the decision of the general meeting of members (participants) of a self-regulatory organization;

8) to inform the regulating state body about violations by its member (participant) of the legislation of the Republic of Kazakhstan, rules and standards of the self-regulatory organization, as well as the sanctions applied to members (participants) of the self-regulatory organization, in accordance with the laws of the Republic of Kazakhstan, self-regulatory organization or other document approved by the decision of the general meeting of members (participants) of the self-regulatory organization;

9) to inform the competent authority for consumer protection of consumer complaints and the results of their examination;

10) to provide up-to-date information on its members (participants) to the competent authority for consumer protection and to the Unified Consumer Protection Information System;

11) establish a body to handle consumer disputes arising between members (participants) of the self-regulatory organisation and consumers, and other persons in the sphere of consumer protection.

The laws of the Republic of Kazakhstan and the charter of a self-regulatory organization may establish other duties of a self-regulatory organization.

2. A self-regulating organization has no right to carry out activities and perform actions that lead to the emergence of a conflict of interests in self-regulation.

3. A self-regulatory organisation based on compulsory membership (participation) shall incur liability for its obligations and the obligations of its members (participants) by employing one or more means of securing property liability as prescribed by paragraph 1 of Article 28 hereof, following the procedure and in the cases specified in the laws of the Republic of Kazakhstan.

4. A self-regulatory organisation based on voluntary membership (participation), which has entered into a performance agreement, shall be responsible for its obligations and the obligations of its members (participants) by employing one or more means of securing property liability envisaged by paragraph 1 of Article 28 hereof, pursuant to the procedure and in the cases stipulated by the laws of the Republic of Kazakhstan.

Footnote. Article 19 as amended by Law of the RK № 346-VI dated 25.06.2020 (see Art. 2 for the enactment procedure); № 95-VII of 30.12.2021 (see Article 2 for the enactment procedure).

Article 20. Rules and standards of a self-regulatory organization

1. A self-regulatory organisation shall draw up and adopt regulations and standards binding on all its members (participants), designed to ensure the following objectives:

- 1) setting out the requirements for members (participants);
- 2) improvement of the quality and safety of goods (works, services) produced by its members (participants);
- 3) prevention of actions that mislead consumers about the quality of goods (works, services);
- 4) increase of the competitiveness of products;
- 5) application of ways of ensuring property responsibility;
- 6) protection of the interests of members (participants).

2. The rules and standards of self-regulatory organizations shall not contradict the legislation of the Republic of Kazakhstan. Adoption of the rules and standards of self-regulatory organizations does not exclude the possibility of adoption by state bodies within their competence of normative legal acts regulating the activity of subjects of self-regulation.

3. excluded by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall be enacted ten calendar days after the date of its first official publication).

4. excluded by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall be enacted ten calendar days after the date of its first official publication).

5. Regulations and standards of self-regulatory organisations operating in the field of entrepreneurial activity based on compulsory membership (participation) shall be forwarded for opinion to the National Chamber of Entrepreneurs of the Republic of Kazakhstan prior to their approval.

The National Chamber of Entrepreneurs of the Republic of Kazakhstan shall examine regulations and standards of self-regulatory organisations operating in the field of entrepreneurial activity based on compulsory membership (participation) for conformity of their content with the requirements stipulated in Articles 24, 25 and 26 hereof.

The time limit for providing an opinion on regulations and standards shall not exceed fifteen working days from the date of its receipt by the National Chamber of Entrepreneurs of the Republic of Kazakhstan.

If an opinion is not provided within the time limit, it shall be deemed to have been given.

The agreement or refusal to agree the regulations and standards of self-regulatory organisations based on compulsory membership (participation) shall be implemented by the regulatory public authorities within fifteen working days from the date of their receipt.

If the regulatory public authorities fail to reply within the prescribed time limit, the regulations and standards of self-regulatory organisations based on compulsory membership (participation) shall be deemed to have been agreed.

6. The rules and standards shall be subject to compulsory placement on the Internet resource of a self-regulatory organization and (or) publication in periodicals distributed throughout the territory of the Republic of Kazakhstan. It is not allowed to publish the rules and standards in an incomplete statement, except for those containing a legally protected secret.

Footnote. Article 21 as amended by the Law of the Republic of Kazakhstan dated 05.10.2018 № 184-VI (shall be enforced upon expiry of six months after its first official publication); № 95-VII of 30.12.2021 (see Article 2 for the implementation procedure).

Article 20-1. Requirements for the regulations of a self-regulatory organisation

1. The regulations of a self-regulatory organisation shall specify:

- 1) general provisions (name of self-regulatory organisation, terms and definitions);
- 2) general requirements for members (participants) of a self-regulatory organisation, professional conduct regulations for members (participants);
- 3) the procedure for organising the activities of a self-regulatory organisation and its members (participants);
- 4) the procedure for organising and performing audits of members (participants) of a self-regulatory organisation;
- 5) the liability of members (participants) of a self-regulatory organisation and the procedure for bringing them to justice;
- 6) the procedure for penalising, withdrawing and appealing against members (participants) of a self-regulatory organisation;
- 7) measures to prevent or resolve conflicts of interest;
- 8) the procedure for notifying the regulatory authority on complaints submitted to the self-regulatory organisation against its members (participants);
- 9) procedure for the use of measures to secure property liability;
- 10) the procedure for settling disputes out of court;
- 11) final provisions (enforcement, revision and repeal of regulations).

2. The regulations of a self-regulatory organisation shall be consistent with the rules of business ethics and shall avoid or reduce conflicts of interest in self-regulation.

3. The regulations of a self-regulatory organisation shall specify requirements preventing unfair competition, acts causing moral harm or damage to consumers of goods (works,

services) and other persons, acts damaging the business reputation of a member (participant) of a self-regulatory organisation or the business reputation of a self-regulatory organisation.

4. The regulations of a self-regulatory organisation may stipulate other provisions to be determined by the self-regulatory organisation itself.

Footnote. Chapter 3 as supplemented by Article 20-1 under Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall become effective ten calendar days after the date of its first official publication).

Article 20-2. Requirements for the standards of a self-regulatory organisation

1. The standard of a self-regulatory organisation shall include:

- 1) general provisions (purpose and scope, statutory references, terms and definitions (if any), general objectives and principles, product, process and service requirements);
- 2) general features of products, processes and services, the manner in which processes, services, production and sales are performed;
- 3) final provisions (procedures for implementation, revision and withdrawal of standards).

2. The standard of a self-regulatory organisation shall correspond to the requirements stipulated by the legislation of the Republic of Kazakhstan on standardisation.

3. The standard of a self-regulatory organisation may provide for other provisions to be determined by the self-regulatory organisation itself.

Footnote. Chapter 3 as supplemented by Article 20-2 under Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall take effect ten calendar days after the date of its first official publication).

Article 21. Membership (Participation) in a self-regulating organization

1. Membership (participation) in a self-regulatory organization can be on a voluntary basis or in cases established by laws of the Republic of Kazakhstan on a mandatory basis, which is a prerequisite for admission to a particular type of professional or entrepreneurial activity or market of manufactured goods (works, services).

2. The members (participants) of a self-regulatory organization in the field of entrepreneurial activity are subjects of private entrepreneurship.

3. Members (participants) of a self-regulatory organization in the field of professional activity are individuals who have the right to engage in professional activities in accordance with the legislation of the Republic of Kazakhstan.

4. The conditions and procedure for admission to membership (members) and termination of membership (participation) in a self-regulatory organization shall be established by the charter of a self-regulatory organization and (or) laws of the Republic of Kazakhstan.

The decision to refuse admission to membership (members), exclusion of members (members) of a self-regulatory organization may be appealed in the manner prescribed by the legislation of the Republic of Kazakhstan.

5. Members (participants) of a self-regulatory organization retain their independence and the rights of individuals and legal entities.

6. Founders and members (participants) of self-regulatory organizations shall have equal rights and bear the same responsibilities.

Footnote. Article 21 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 22. Contributions to a self-regulatory organization

1. A self-regulating organization shall be empowered to establish the following types of mandatory contributions:

- 1) admission fees paid upon joining a self-regulatory organization;
- 2) membership fees paid on a permanent periodic basis.

Contributions are the property of a self-regulating organization, the size and order of their collection are established by the charter of a self-regulatory organization or laws of the Republic of Kazakhstan.

2. The amount of the entry fee should not exceed the membership fee.

For a self-regulatory organization based on mandatory membership (participation), the absence or availability of admission and membership fees, as well as the maximum size, if any, are established by the laws of the Republic of Kazakhstan.

Article 23. Providing the self-regulatory organization with access to information and protection of it from its unauthorized use

1. The self-regulating organization, through posting on its Internet resource and (or) publishing in the mass media distributed throughout the territory of the Republic of Kazakhstan, must provide access to the following information:

- 1) on the composition of its members (participants);
- 2) on the conditions, methods and procedures for ensuring the liability of members (participants) of a self-regulatory organization to consumers of goods (works, services) produced by them and other persons;
- 3) on members (members) who have terminated their membership (participation) in a self-regulatory organization, and the grounds for termination of their membership (participation);
- 4) on the conditions of membership (participation) in a self-regulatory organization;
- 5) on the content of the rules and standards of a self-regulatory organization;
- 6) on the structure and competence of the management bodies and specialized bodies of the self-regulatory organization, the quantitative and personal composition of the collegial management body, the executive body of the self-regulatory organization, the person performing the functions of the sole executive body of the self-regulatory organization;
- 7) on decisions taken by the general meeting of the members (participants) of the self-regulatory organization and the collegial governing body of the self-regulatory organization;

8) on cases of liability members (participants) of a self-regulatory organization for violating the requirements of the legislation of the Republic of Kazakhstan, rules and standards of a self-regulatory organization (if such information is available);

9) on any claims and petitions filed by a self-regulating organization in the courts;

10) on the results of self-regulatory organization checks conducted by members of the self-regulating organization;

11) on the annual financial statements of the self-regulatory organization and the results of its audit in cases when the laws of the Republic of Kazakhstan establish the obligation of such an audit;

12) on the amount of the compensation fund of a self-regulatory organization in the case of a self-regulating organization using a compensation fund as a means of ensuring the property liability of members (participants) of a self-regulating organization to consumers of goods (work, services) produced by them and other persons, as well as to information on payment performance from compensation fund of a self-regulatory organization in order to ensure property liability of members (participants) of a self-regulatory organization Power consumers made their goods (works, services) and other persons and on the basis of such payments, if such payments were made;

13) other information provided for by laws of the Republic of Kazakhstan and (or) documents of a self-regulatory organization.

2. The self-regulating organization should provide for ways of obtaining, using, processing, storing and protecting information, the illegal use of which by its employees may cause moral damage and (or) property damage to the members (participants) of a self-regulatory organization or create prerequisites for causing such harm and (or) of the damage.

3. A self-regulating organization shall be liable for its members (participants) for the actions of its employees associated with the misuse of information that has become known to them because of their official position.

4. The self-regulating organization shall be responsible for non-fulfillment and (or) improper performance of obligations on disclosure of information in accordance with the laws of the Republic of Kazakhstan.

Article 24. Conflict of interest in self-regulation

1. In order to prevent conflicts of interest in self-regulation, members (participants) of a self-regulatory organization, persons who are members of the self-regulatory organization's management bodies, its employees shall be obliged to observe the interests of a self-regulating organization primarily with respect to the purposes of its activities and should not use opportunities associated with the exercise of their professional duties, or allow the use of such opportunities for purposes contrary to the purposes indicated in the charter of a self-regulatory organization.

2. Measures to prevent or resolve conflicts of interest in self-regulation shall be established by the charter, rules and standards of the self-regulatory organization.

Article 25. Controlling a self-regulatory organization over the activities of its members (participants)

1. A self-regulating organization monitors the professional or entrepreneurial activities of its members (members) in terms of compliance with the requirements of rules and standards of a self-regulatory organization, the conditions for membership (participation) in a self-regulatory organization through inspections.

2. The procedure for organising and undertaking inspections of members (participants) of a self-regulatory organisation based on compulsory membership (participation) shall be prescribed by the regulations of the self-regulatory organisation, agreed with the regulatory public authority.

The rules of a self-regulatory organization provide for a procedure for informing a regulatory state agency about complaints received against a self-regulatory organization against its members (participants).

3. The basis for the audit can be a complaint about violation by a member (participant) of a self-regulatory organization of requirements of rules and standards of a self-regulatory organization or requirements of the legislation of the Republic of Kazakhstan.

During the audit, only the facts specified in the complaint shall be liable to the investigation.

4. A member (participant) of a self-regulatory organization shall be obliged to provide necessary information for the audit at the request of a self-regulatory organization in the manner determined by the self-regulatory organization.

5. The self-regulatory organization, as well as its employees and officials participating in the audit, shall be responsible for the non-disclosure and non-dissemination of information obtained during its conduct.

6. In the event that the verified member (participant) discovers the requirements of the rules and standards, the conditions for the membership (participation) of the self-regulatory organization and the legislation of the Republic of Kazakhstan regulating the activities of the members (participants) of the self-regulatory organization, the organization's management, employees of the self-regulatory organization, carrying out inspections, and members of the body for reviewing cases on the application of self-regulatory organization of measures of influence in relation to members (participants) of the impact measures shall be obliged to take measures provided by the laws of the Republic of Kazakhstan to eliminate identified violations, prevent them, prevent possible harm to life, human health and damage to the environment, the legitimate interests of individuals and legal entities, as well as to bring those who committed violations to the liability established by this Law and other laws of the Republic of Kazakhstan.

If the measures specified in part one of this paragraph are taken to be within the competence of state bodies, the leaders and employees of the self-regulatory organization carrying out inspections and the members of the body for reviewing cases of application of self-regulatory organization of measures of influence to members (participants) of the self-regulatory organization must immediately inform the relevant state bodies on the revealed violations for taking measures.

7. The self-regulating organization shall be liable for illegal actions of employees of a self-regulatory organization in the exercise of control over the activities of members (participants) of a self-regulatory organization before its members (participants) in the manner established by the laws of the Republic of Kazakhstan and the charter of a self-regulatory organization.

Footnote. Article 25 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); № 95-VII of 30.12.2021 (shall enter into force ten calendar days after the date of its first official publication).

Article 26. Responsibility of members (members) of a self-regulatory organization

1. For violation of the requirements of regulatory legal acts of the Republic of Kazakhstan, the charter, rules and standards of a self-regulatory organization, its member (participant) shall be responsible in accordance with the laws of the Republic of Kazakhstan, rules and standards of the self-regulatory organization.

2. The procedure for imposing penalties on members (members) of a self-regulatory organization, their withdrawal and appeal shall be determined by the charter and rules of the self-regulatory organization, unless otherwise stipulated by the laws of the Republic of Kazakhstan.

For the commission by a member (participant) of a self-regulatory organization of an offense, only one penalty may be imposed.

3. The production of cases of violations of the requirements of the rules and standards of a self-regulatory organization falls within the competence of the executive body of the self-regulatory organization.

4. In cases when the laws of the Republic of Kazakhstan provide for the right of submission by regulating state bodies to a self-regulatory organization of a motion to initiate proceedings, its consideration shall be carried out with the participation of their representative .

The non-appearance of this representative, duly notified of the time and place of consideration, does not interfere with the implementation of production.

5. The decision of the executive body of management of a self-regulatory organization on imposing a penalty may be appealed by a member (participant) of a self-regulatory organization in the manner prescribed by the laws of the Republic of Kazakhstan.

6. If within six months from the date of imposition of the penalty a member (participant) is not subjected to a new penalty, then he or she is considered not to be recovered.

Article 27. Sources for property establishment of a self-regulatory organization

1. The sources of the formation of property of a self-regulatory organization are:

1) mandatory contributions of members (participants) of a self-regulatory organization; 2) voluntary property contributions and donations;

3) funds received from the provision of educational services related to business activities, commercial or professional interests of members (members) of a self-regulatory organization;

4) funds received from the sale of information materials related to entrepreneurial activities, commercial or professional interests of members (members) of a self-regulatory organization;

4-1) earnings from depositing money with second-tier banks under bank account and bank deposit agreements;

5) other receipts which are not prohibited by law.

2. The accounting and financial reporting of a self-regulatory organization shall be subject to mandatory audit in cases provided for by the laws of the Republic of Kazakhstan.

Footnote. Article 27 as amended by Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall be enacted ten calendar days after the date of its first official publication).

Article 28. Ways of ensuring property liability

1. A self-regulatory organisation shall apply one or more of the following means of securing property liability, including its own and its members' liability to consumers of goods, works and services produced by them and other persons by:

1) payments from the compensation fund;

2) insurance of civil liability;

3) involvement of the members (participants) in the self-regulatory organization to property responsibility;

4) use of other methods of ensuring property liability provided for by the laws of the Republic of Kazakhstan.

2. Foreclosure in the framework of ensuring property liability is made in one of the following cases:

1) when the self-regulatory organization recognizes the validity of claims and the need to meet the penalty;

2) on the basis of an effective court decision or arbitration.

3. The procedure for using measures to ensure property liability shall be determined by the rules of a self-regulatory organization approved by the general meeting of members (members) of a self-regulatory organization, unless otherwise provided by the laws of the Republic of Kazakhstan or its charter.

4. The means of the self-regulatory organization's compensation fund are separated from other property of the self-regulatory organization. It is not allowed to mix the funds of the

compensation fund with other funds belonging to the self-regulating organization, as well as when reflected in the financial statements.

5. No payments may be made from the compensation fund other than payments for the property liability of members (participants) of a self-regulatory organisation to consumers of goods (works, services) produced by them and other persons, except as otherwise prescribed by the laws of the Republic of Kazakhstan.

Footnote. Article 28 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); № 95-VII of 30.12.2021 (shall be promulgated ten calendar days after the date of its first official publication).

Article 29. State control and supervision in self-regulation

1. State control over the activities of self-regulating organisations shall be exercised in the form of an unscheduled inspection, preventive control with a visit to the entity (facility) under control and supervision, and preventive control without a visit to the entity (facility) under control and supervision.

1-1. Unscheduled inspection and preventive control with a visit to the entity (facility) under control and supervision shall be realised under the Entrepreneurial Code of the Republic of Kazakhstan.

Preventive control without visiting the entity (facility) under control and supervision shall be implemented as prescribed by the Entrepreneurial Code of the Republic of Kazakhstan and the laws of the Republic of Kazakhstan.

2. The authorized body and regulating state bodies when exercising state control and supervision over a member (participant) of a self-regulating organization based on voluntary membership (participation) shall take into account the fact of having such membership (participation) in the risk assessment system.

Footnote. Article 29 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); № 71-VIII of 06.04.2024 (shall be enacted sixty calendar days after the date of its first official publication).

Article 29-1. Stimulation of entrepreneurial and professional activity entities to transition of self-regulation

1. Standards of self-regulatory organizations shall be developed in accordance with the Legislation of the Republic of Kazakhstan in the field of standardization.

2. Business and professional actors shall be encouraged to adopt self-regulation by the public regulatory authorities by:

1) undertaking a regulatory impact analysis procedure for the introduction of self-regulation based on compulsory membership (participation) in business or professional activities of self-regulatory organisations based on voluntary membership (participation) and uniting a majority of actors in the relevant business and/or professional activities;

2) recognition of the performance of a self-regulatory organisation based on voluntary membership (participation) in supervising the business or professional activities of its members (participants) under an agreement to recognise the performance of such activities;

3) involving self-regulatory organisations in standard-setting on matters connected with the scope of self-regulation.

3. The Legislation of the Republic of Kazakhstan may establish other measures to stimulate the entrepreneurial and professional activity entities to transition of self-regulation.

Footnote. Chapter 3 is supplemented by Article 29-1 in accordance with the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.10.2018 № 184-VI (shall be enforced upon expiry of six months after its first official publication); № 95-VII of 30.12.2021 (see Article 2 for the procedure for entry into force).

Article 29-2. Liaison of self-regulatory organisations with regulatory public authorities

1. The performance of a self-regulatory organisation based on voluntary membership (participation) in exercising control over the entrepreneurial or professional activities of its members may be recognised by bodies of control and supervision exercising state control and supervision over a member (participant) of a self-regulatory organisation based on voluntary membership (participation), by virtue of an agreement on the recognition of performance.

2. Where an agreement on performance recognition has been concluded, state control and supervision shall be exercised over members (participants) of a self-regulatory organisation based on voluntary membership (participation) with due regard to the risk assessment criteria.

3. A performance agreement may be concluded with a self-regulatory organisation based on voluntary membership (participation) the regulations and standards thereof have been agreed with the public regulatory authority.

4. A performance agreement may be entered into if the self-regulatory organisation's control of the entrepreneurial or professional activities of its members (participants) is consistent with the control and supervision exercised by the control and supervisory body on the compliance of the activities of the control and supervisory actors with the requirements set out in the legislation of the Republic of Kazakhstan.

5. The procedure for the conclusion and termination of a performance agreement, as well as its material conditions, shall be established by the competent entrepreneurial body.

6. A performance agreement may be concluded with a self-regulatory organisation based on voluntary membership (participation), assuming compliance with the essential conditions and its application to the public regulatory authority.

Footnote. Chapter 3 as supplemented by Article 29-2 under Law of the Republic of Kazakhstan № 95-VII of 30.12.2021 (shall be enacted on 01.01.2023).

Chapter 4. FINAL PROVISIONS

Article 30. Liability for violation of the legislation of the Republic of Kazakhstan on self-regulation

Violation of the legislation of the Republic of Kazakhstan on self-regulation shall entail responsibility in accordance with the laws of the Republic of Kazakhstan.

Article 31. Order of enactment of this Law

This Law shall enter into force six months after the day of its first official publication.

Article 32. Transitional Provisions

Regulatory authorities shall, within one year from the date of enactment of this Law, ensure the adoption of the necessary measures aimed at bringing into line with it the scope of activity where the laws of the Republic of Kazakhstan establish mandatory membership of subjects of professional or entrepreneurial activity in non-profit organizations, with the exception membership in the National Chamber of Entrepreneurs of the Republic of Kazakhstan.

*The President
of the Republic of Kazakhstan*

N. NAZARBAYEV