

On Bankruptcy

Invalidated Unofficial translation

The Law of the Republic of Kazakhstan dated 21 January, 1997 No 67 Repealed by the Law of the Republic of Kazakhstan dated 7 March, 2014 No 176-V

Unofficial translation

This Law determines the conditions and procedures for accelerated rehabilitation, rehabilitation, recognition of a debtor bankrupt and its liquidation, as well as the procedures of external surveillance.

Footnote. The Preamble is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

in the text the words "mandatory payments to the budget and extra-budgetary funds" are substituted by the words "taxes and other obligatory payments to the budget" by the Law of the Republic of Kazakhstan, dated 11 July, 2001 No 239.

Chapter 1. General provisions

Article 1. Basic definitions, used in this Law

In this Law, the following basic definitions shall be used:

1) monetary obligation – is the obligation of the debtor to pay the cost of the goods (works and services performed), delivered (transferred) by the creditors, to return the loan amount with the remuneration (interest) payment for its use, as well as to make payments on other monetary claims;

2) an agricultural organization – is the organization, producing agricultural output, using the land plots for it; producing agricultural meat and poultry output (including cattle breeding with the full cycle, starting from young-stock breeding), bee-keeping, if the income from the sale of these products, including the processed products, is more than fifty percent of the total annual revenue;

3) intentional bankruptcy – is the intentional creation or increase of insolvency, committed by a manager or owner of a commercial organization, as well as a private businessman for personal interests or for the interests of other persons;

4) administrative costs – are the expenditures, recognized by the creditors in the order, established by this Law, associated with initiation and holding of the external surveillance procedure, rehabilitation procedure, bankruptcy proceedings, liquidation of the debtor without initiation of bankruptcy proceedings, including the costs to pay for the services of the experts involved, the amounts of current payments to

rehabilitation and bankruptcy managers and an administrator of external supervision, which must be paid at the time and during the period after initiation of bankruptcy proceedings, rehabilitation or external supervision procedures.

The administrative costs also include taxes and other obligatory payments to the budget, calculated by the tax payer in accordance with the tax reporting, assessed by the tax authority as a result of tax audits for the tax years following the tax period in which the rehabilitation procedure and bankruptcy proceedings were initiated;

5) a bankrupt – is a debtor, the insolvency of which is found by the court;

6) bankruptcy – is the adjudged insolvency of the debtor, which is the ground for
i t s l i q u i d a t i o n ;

7) the authorized body in bankruptcy area (hereinafter - the authorized body) – is the state body, performing the state regulation in the area of ??bankruptcy (except for the banks, insurance (reinsurance) organizations and voluntary pension saving funds);

8) a debtor – is an individual entrepreneur or a legal entity, insolvency or failure of which is the ground for taking measures, provided for in this Law;

9) compulsory liquidation of a debtor – is the termination of an insolvent debtor's activity, performed under the court's decision, based on the applications of creditors,
a n d a p u b l i c p r o s e c u t o r ;

9-1) a group of homogeneous creditors – is a group of creditors, having similar claims to the debtor and not having an advantage over each other in satisfaction of their
c l a i m s .

The groups of homogeneous creditors may consist of:

the creditors on claims for compensation of damage to life or health;

the creditors on wages payable and compensation under employment contracts, as well as the arrears on social contributions to the State Social Insurance Fund and the mandatory pension contributions withheld from the wages;

the creditors on the obligations, secured by a pledge;

the creditors on taxes and other obligatory payments to the budget;

the creditors on the claims arising from the contracts for supply of goods, works
a n d s e r v i c e s ;

the creditors - financial organizations on the claims arising from the contracts for loan obtaining (micro-credit), unsecured by a collateral;

10) insolvency – is the debtor's inability, established by the court, to fully satisfy the claims of creditors on the monetary obligations to settle payments to the persons working under an employment contract, to ensure payment of taxes and other obligatory payments to the budget, social contributions to the State Social Insurance Fund, and the mandatory pension contributions;

11) false bankruptcy - is a deliberately false announcement, made by a head or owner of a commercial organization, as well as an individual entrepreneur about the

bankruptcy in order to mislead the creditors to postpone or to spread the payments to creditors or discount the debts, as well as for non-payment of debts;

11-1) an accelerated rehabilitation procedure – is a judicial procedure, applied to the debtor under the rehabilitation plan, coordinated with the creditors in out-of-court procedure ;

12) an absent debtor – is the debtor, whose place of residence or location of its permanent body, as well as the founders, members, managers and officials, without whom the legal entity may not perform its activity, is unknown during six months;

13) a secured creditor – is the creditor for obligations whose claims are secured by the property of the debtor ;

14) a bankruptcy trustee – is the person appointed in accordance with the established procedure for implementation of bankruptcy proceedings;

15) a bankruptcy creditor – is the creditor that does not have advantages for compensating his damages neither by the legislation nor by any agreement to pledge;

16) bankruptcy assets – are the property of the debtor, to which execution may be levied in the bankruptcy proceedings, as well as the property of other persons in the cases provided for in this Law ;

17) bankruptcy proceedings – are the procedure performed to satisfy the claims of creditors and announcement of the bankrupt (insolvent debtor) free from debts;

18) a creditor – is the person having property claims to the debtor, arising from the civil-law and other obligations, including the obligation to pay salary, social contributions to the National Social Security Fund, author's remunerations, taxes and other obligatory payments to the budget;

18-1) ordinary commercial operations – are the regular activities, related to circulation of goods, works and services, performed to maintain daily functioning of a debtor ;

19) an official – is a head (deputy head) of a legal entity - insolvent debtor, and the other person, that is a member of the collegial executive body of the legal entity, entitled to manage the legal entity;

19-1) the state support measures – are the measures, taken for an organization, aimed at financial recovery, in the order, defined by the Government of the Republic of Kazakhstan ;

20) monitoring – is a set of measures, aimed at collection, processing of information and analysis of financial and economic condition of insolvent institutions for timely initiation of measures of financial and economic recovery and protection of the creditors' interests ;

21) a rehabilitation manager - is the person, that, in accordance with this Law, receives the powers to manage the property and affairs of an insolvent debtor for the period of the rehabilitation procedure ;

21-1) a rehabilitation plan – is a set of interrelated measures, aimed at rehabilitation of the debtor during the accelerated rehabilitation procedure and implemented on the basis of a mutual agreement between the debtor and the creditors, a group of homogeneous creditors in order to recover solvency of the acting business and preserve jobs with indication of the deadline for implementing the procedures, including the schedule for repayment of the creditors' claims, and the results to be achieved, the resources used and the potential risks;

22) a rehabilitation procedure – is a judicial procedure under which re-organizational, organizational, economic, managerial, investment, technical, financial-economic, legal and other measures, not contradicting the legislation of the Republic of Kazakhstan, are applied to the insolvent debtor to restore solvency of the debtor in order to prevent its liquidation;

23) a rehabilitation – is the rehabilitation measure, in which the owner of the property of the debtor (the body, authorized by him), creditors or other persons provide financial assistance to the insolvent debtor, and take a range of measures to mobilize the reserves of the debtor and improve his financial and economic condition;

24) an external monitoring – is a procedure, administered by the court prior to the initiation of the bankruptcy proceedings to ensure safety of the debtor's property, revelation of signs of deliberate and false bankruptcy, financial analysis, assessment of ability or inability to rehabilitate solvency of the debtor, and the actions (or inaction) on avoidance of performing obligations to the creditors, the creditors' control over the financial and economic activity of the debtor, reorganization, transactions for disposal of fixed assets, transfer of property to pledge or lease, as well as other transactions at the prices that are significantly lower than the market ones, or without sufficient grounds, the performance of which can entail losses to the debtor;

25) an administrator of external surveillance – is the person appointed in the prescribed order to perform external surveillance procedure;

25-1) an absentee voting – is the voting in which a participant of the meeting of creditors, that is not present at the meeting, has the right to vote in a written form on the relevant issue (issues) through the exchange of letters, faxes or e-mails, or through other means of communication, ensuring authenticity of the messages transmitted;

26) insolvency - is the inability of the debtor to fulfill financial obligations and other monetary claims, within three months from the due date of their execution.

Footnote. Article 1 is in the wording of the Law of the Republic of Kazakhstan dated 11.07.2001 No 239; dated 08.04.2004 No 542 (shall be enforced from 1 January 2005); as amended by the Laws of the Republic of Kazakhstan dated 10.01.2006 No 115 (shall be enforced from the date of its official publication); dated 31.01.2006 No 125; dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first

official publication); dated 21.06.2013 No 106-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 1-1. The legislation of the Republic of Kazakhstan on bankruptcy

Footnote. The title of Article 1-1 as amended by the Law of the Republic of Kazakhstan, dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

The legislation of the Republic of Kazakhstan on bankruptcy is based on the Constitution of the Republic of Kazakhstan and consists of this Law and other regulatory legal acts of the Republic of Kazakhstan.

Footnote. Article 1-1 is introduced by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; as amended by the Law of the Republic of Kazakhstan, dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 2. Application of the Law

1. This Law is applicable to the bankruptcy cases, the accelerated rehabilitation procedure and recovery of legal entities, except for the state-owned enterprises and institutions, voluntary pension saving funds, banks, insurance (reinsurance) organizations.

Particularities for application, established by this Law, of bankruptcy or rehabilitation procedures in relation to the companies with a continuous production cycle, as well as organizations that are the subjects of the natural monopolies or market entities, dominating (monopolizing) in the commodity market, may be established by the legislation of the Republic of Kazakhstan.

Legislative acts of the Republic of Kazakhstan may establish specifications for application of the bankruptcy procedures for voluntary pension saving funds, banks, insurance (reinsurance) companies and other legal entities, specified by this Law.

If the court's decision recognized a bank bankrupt, liquidation is performed in accordance with the banking legislation.

If the court's decision recognizes insurance (reinsurance) organization bankrupt, its liquidation is performed in accordance with the legislation on insurance and insurance activities.

2. This Law is applicable to the bankruptcy of individual entrepreneurs in part which is not regulated by the legislation of the Republic of Kazakhstan on private entrepreneurship.

3. Bankruptcy cases, rehabilitation or an accelerated rehabilitation procedure are considered by the court under the general rules of civil procedures with the particularities, provided by the legislation on bankruptcy.

4. In case of bankruptcy of organizations which are the subjects of natural monopoly or market entities, dominating (monopolizing) in the commodity market or are of great strategic importance to the economy of the Republic, able to affect life and health of citizens, national security or the environment, as well as those, recognized

bankrupt at the initiative of the state, in order to protect the interests of citizens and the state, the Government of the Republic of Kazakhstan may establish special conditions and the order of sale of the bankruptcy assets and additional requirements to the buyers of the bankruptcy assets, as well as to take a decision on acquisition of bankruptcy assets by the national management holding company in the organization's bankruptcy, the shares (the shares of participation) of which are assigned to the strategic objects in accordance with the Laws of the Republic of Kazakhstan, or organizations that have strategic importance for the economy of the Republic.

5. In case of bankruptcy of legal entities, engaged in environmentally dangerous economic and other activities, a compulsory environmental audit of their activities is performed in accordance with the Environmental Code of the Republic of Kazakhstan.

Footnote. Article 2, as amended by the Laws of the Republic of Kazakhstan dated 01.07.1998 No 256; dated 18.12.2000 No 128; dated 02.03.2001 No 162; dated 11.07.2001 No 239; dated 08.07.2005 No 71 (the order of enforcement See Art. 2); dated 10.01.2006 No 115 (shall be enforced on the day of its official publication); dated 09.01.2007 No 213 (the order of enforcement, See Art. 2); dated 05.07.2008 No 60-IV (the order of enforcement see art. 2); dated 13.02.2009 No 135-IV (the order of enforcement, See Art. 3); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2013 No 106-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 3. Recognition of bankruptcy

1. Bankruptcy is adjudicated by the court on the basis of the application of the debtor, brought to the court.

2. Bankruptcy is adjudicated by force, on the basis of an application, brought to the court by the creditors or other persons, authorized by this Law.

3. In the cases, established by this Law, the debtor must apply to the court for recognition of its bankruptcy.

4. Bankruptcy cases are considered by the court, if the claims of:
the creditor for taxes and other obligatory payments to the budget for the tax debt, including the arrears of branches and representative offices of the debtor, are not less than one hundred and fifty monthly calculation indexes, established by the Law on the national budget for the relevant financial year;

other creditors to the debtor in the aggregate are not less than three hundred monthly calculation indexes, established by the Law on the republican budget, - for individual entrepreneurs, and not less than one thousand monthly calculation indexes, established by the Law on the republican budget - for legal entities.

This paragraph does not apply to the cases, provided for in Article 94 of this Law.

5. If the value of the assets of a legal entity in respect of which a liquidation decision is made in the order, established by paragraph 1 of Article 49 of the Civil

Code of the Republic of Kazakhstan (general part), is insufficient to satisfy the claims of creditors, such legal entity shall be liquidated by the court order under the rules, established by this Law.

6. Failure to file an application by the debtor in the cases, provided for in paragraph 2 of Article 17 of this Act, shall impose vicarious liability to the debtor's head for the debtor's obligations to the creditors.

7. The ground for adjudication of a debtor bankrupt is its insolvency.

When determining insolvency, the obligations of the debtor must be taken into account, the deadline for fulfillment of which has come, as well as those received and (or) performed.

Footnote. Article 3, as amended by the Laws of the Republic of Kazakhstan dated 01.07.1998 No 256; dated 11.07.2001 No 239; dated 10.01.2006 No 115 (shall be enforced on the date of its official publication); dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2); dated 11.01.2011 No 385-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 4. Grounds for bankruptcy or rehabilitation procedures

1. Grounds for filing a bankruptcy petition to the court is the insolvency of the debtor.

A debtor is insolvent if he has not met his financial obligations within three months from the due date of its execution.

2. Grounds for filing a bankruptcy petition is the debtor's inability to pay in the absence of the opportunity for its recovery.

3. Grounds for filing a petition on a rehabilitation procedure of the debtor is his inability to pay or the threat of insolvency, when the debtor will be unable to meet financial obligations as they fall within the next twelve months, with a possibility of its recovery.

Footnote. Article 4 of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 5. Deliberate and false bankruptcy

1. The owner of property of the debtor (the authorized body), the founder (participant) and / or the officials of a legal entity-debtor shall be vicariously liable to the creditors of the insolvent debtor by the property they possess for the deliberate bankruptcy of the debtor (premeditated bankruptcy).

An official of the legal entity-bankrupt shall compensate the damages, caused to the owner of its property for the deliberate making the debtor insolvent.

2. If a bankruptcy petition is filed by the debtor to the court under the opportunity to satisfy fully the claims of creditors (false bankruptcy), the creditors are entitled to require the debtor to pay compensation for these losses.

3. In the event of revelation of the signs of deliberate or false bankruptcy by the bankruptcy trustee, he has to apply to the Law enforcement bodies to bring the officials to liability, prescribed by the Laws of the Republic of Kazakhstan.

Footnote. Article 5 is amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; dated 11 July, 2001 No 239; dated 10 January, 2006 No 115 (shall be enforced from the day of its official publication.)

Article 6. Return of property and recognition of the debtor's transactions as void and null

1. Transactions, made by the debtor before recognizing its bankruptcy shall be declared void and null:

1) if the grounds are provided in accordance with the civil legislation of the Republic of Kazakhstan;

2) at the request of the authorized body, the creditors, a rehabilitation or a bankruptcy trustee, if the transaction, made by the debtor with a separate creditor or another person after the initiation of the bankruptcy case entails preferential satisfaction of claims of one creditors over others;

3) **(Is excluded by the Law of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2)).**

The provisions of this paragraph do not apply to the project financing transactions and securitization.

2. A rehabilitation manager, a member of a rehabilitation, including in the cases of filing a request by a creditor (creditors) or the authorized body, must file a petition to the court on invalidation of transactions, as well as the return of the property, transferred by the debtor, including for rent or for securitization of the previously made transactions, for a period of three years before initiation of a rehabilitation case, from the persons that have received the property gratuitously, at below-market prices or without the grounds to the detriment of creditors.

2-1. A bankruptcy trustee is required, including the cases of filing a petition by a creditor (creditors) or the authorized body, to apply to the court for invalidation of transactions, as well as the return of the property for a period of three years prior to initiation of a bankruptcy case and rehabilitation of the persons that have received the property gratuitously, at the below-market prices or without the grounds to the detriment of creditors.

3. Bankruptcy and rehabilitation trustees, a rehabilitation participant, including in the cases of filing a petition by a creditor (creditors) or the authorized body, must demand the return of property of the debtor in the court order, transferred by him during three years prior to the initiation of the bankruptcy case and (or) rehabilitation, from the creditors, the obligations to which were executed prior to the date of their execution to the detriment of other creditors. In this case, the rights of the creditors are

provided by the rules of this Law.

4. For the grounds, specified in paragraphs 2 and 3 of this Article, the property may be requested, which was transferred within three years prior to the initiation of bankruptcy proceedings to the employees (workers), members of a partnership, the head of the insolvent debtor.

The rules for reclamation of property, specified in this paragraph, shall apply to all cases of property transference to the spouses, lineal descendants and lineal ancestors.

5. When exercising its powers, a rehabilitation or bankruptcy trustee has the right to bring a suit, other than those provided in this Article, on the grounds stipulated by the legislative acts of the Republic of Kazakhstan on reclamation of the debtor's property from the third parties, on termination of agreements signed by the debtor, and perform other actions, provided by the civil legislation of the Republic of Kazakhstan aimed at the return of the debtor's property.

6. If it is impossible to reclaim property in the cases, provided for in this Article, due to its loss, damage, or its subsequent acquisition by the third parties, the initial purchasers of the reclaimed property shall be liable to the debtor for reimbursement of losses incurred within the value of the lost, damaged or properly acquired property by the third parties.

Footnote. Article 6, as amended by the Laws of the Republic of Kazakhstan dated 01.07.1998 No 256; dated 11.07.2001 No 239; dated 10.01.2006 No 115 (shall be enforced from the day of its official publication); dated 20.02.2006 No 127 (the order of enforcement, See Article 2); dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2); dated 12.01.2012 No 539-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 7. Waiver of an agreement

1. Rehabilitation manager has the right to refuse to execute contracts, concluded by the debtor before the commencement of the bankruptcy proceedings, which have not been executed by both parties wholly or partially, if any of the following circumstances is provided:

- 1) performance of the contract will result in losses for the debtor;
- 2) the agreement contains conditions, onerous for the debtor, compared to similar contracts, concluded under comparable circumstances;
- 3) the contract is long-term (over one year), or expects to bring results to the debtor in the long term outlook;
- 4) there are other grounds to believe that performance of the contract by the debtor will entail adverse effects for other creditors.

2. In case of failure to perform the contract in the cases, provided for in paragraph 1 of this Article, the counterparty may file a petition against the debtor to cover the

damages, caused by termination of the contract, in the amount of actual damages or to challenge the grounds for refusal.

Footnote. Article 7 is amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256.

Article 8. Jurisdiction of bankruptcy cases

Bankruptcy cases are considered by the courts at the location of the debtor, defined in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 8, as amended by the Law of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 9. Rehabilitation and bankruptcy trustees

1. In order to achieve the goals of a rehabilitation procedure and bankruptcy proceedings during their holding, all the bodies of the insolvent debtor shall be suspended from management and the powers to manage the property and affairs of the debtor are transferred to a rehabilitation or bankruptcy trustee (liquidator).

Rehabilitation and bankruptcy trustees (a liquidator) act as the sole governing body of the debtor and must exercise their powers at the location of the debtor.

The provisions of this paragraph shall not apply to the cases provided for in paragraph 1 of Article 9-1 of this Law.

2. Is excluded by the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication .)

3. Rights and duties of the rehabilitation and bankruptcy trustees, including the right to compensation, the scope of powers to manage the affairs and property of the insolvent debtor, are governed by this Law and the agreement concluded with them by the creditors' committee in consultation with the authorized body.

4. Rehabilitation and bankruptcy trustees appoint an individual entrepreneur, registered in the authorized body for implementation of functions of rehabilitation and (or) bankruptcy trustees.

This paragraph's requirements are not applied in the cases, provided for in paragraph 1 of Article 9-1 and paragraph 2 of Article 55 of this Law.

The powers, entrusted by this Law to the rehabilitation and (or) bankruptcy trustees cannot be delegated to other persons.

5. In order to be registered in the authorized body for implementation of the functions of the rehabilitation and (or) bankruptcy trustees, and (or) an administrator of external surveillance, the following requirements are established:

- 1) registration as an individual entrepreneur;
- 2) presence of higher legal or economic education;
- 3) passing the training for implementing the functions of rehabilitation, bankruptcy trustees, an administrator of external surveillance in educational institutions;

4) work experience of at least three years in one of the following areas: economic, financial, accounting and analytical, control and audit, legal, or as the first head of a legal entity.

6. In order to be registered for implementation of the functions of rehabilitation and (or) bankruptcy trustee, and (or) an administrator of external surveillance, an individual entrepreneur submits the following documents to the authorized body:

- 1) an application;
- 2) a copy of the identity document;
- 3) copies of diplomas of higher legal and (or) economic education;
- 4) a copy of the document, issued by an educational institution, confirming the passing of the training for implementing the functions of rehabilitation, bankruptcy trustees, an administrator of external surveillance;
- 5) the copies of documents, confirming employment, including work experience;
- 6) a certificate of no criminal record, issued at the place of residence of the applicant no earlier than one month before its submission;
- 7) medical certificates, issued by the drug abuse and mental clinics at the place of residence of the applicant not earlier than one month prior to their submission.

The copies of the documents are submitted to the authorized body together with the originals for verification or the notarized copies of the documents.

All documents, submitted to the authorized body, shall be taken according to the list, a copy of which is given (sent) to the applicant with a note of the date of receiving the documents.

The individual entrepreneur is responsible for authenticity of the documents, submitted for registration to the authorized body, which is established by the legislation of the Republic of Kazakhstan.

The authorized body conducts registration not later than five working days from the date of submitting the application with the documents, specified in this paragraph.

Within the period, specified in this paragraph, the authorized body sends confirmation of registration to the applicant, and in case of refusal to register - a reasoned response, indicating the grounds for refusal in the forms, established by the authorized body.

7. The authorized body shall refuse to register in the following cases:

- 1) not all the documents, required in accordance with paragraph 6 of this Article, have been submitted;
- 2) the applicant does not meet the requirements established by this Article;
- 3) a judicial in relation to the applicant has entered into legal force, prohibiting him to engage in this type of activity;
- 4) the applicant has previously been deregistered for one of the grounds, specified in subparagraphs 2) and 3) and 4) of paragraph 8 of this Article.

The provisions of this subparagraph apply to the applicant, deregistered for the grounds specified in subparagraph 2) of paragraph 8 of this Article within three years;

5) the applicant has the unsettled or a criminal record, expunged in accordance with the Law ;

6) the applicant is adjudged as incapable or partially capable.

8. The authorized body deregisters the person registered for implementing the functions of rehabilitation and (or) bankruptcy trustees, and (or) an administrator of external observation, in the following cases:

1) submission of an application for deregistration;

2) a repeated suspension during one year for the grounds, specified in subparagraph 1) of paragraph 12 of this Article, and (or) in subparagraph 1) of paragraph 3 of Article 41-1 of this Law ;

3) a suspension for one of the grounds, specified in subparagraphs 2) and 3) of paragraph 12 of this Article and subparagraphs 2) and 3) of paragraph 3 of Article 41-1 of this Law, except for the cases for suspension for temporary disability;

4) revelation of the fact on submission of false information during registration.

9. If the information, specified in the application for registration, is changed, the person, registered in the authorized body shall be obliged to inform the authorized body about the changes within ten working days.

10. When implementing bankruptcy proceedings of the organizations, referred to in paragraph 4 of Article 2 of this Law, the authorized body shall appoint a rehabilitation manager in consultation with the state body, managing the natural monopolies and the regulated markets, with the relevant central executive body, and for town-forming enterprises - with the governor of oblast, town of republican significance, the capital.

11. The following people may not be appointed as the rehabilitation and (or) bankruptcy trustees :

1) an official of the administration of the debtor or the creditor, except for the cases , provided in paragraph 1 of Article 9-1, and paragraph 2 of Article 55 of this Law;

2) the person that has been suspended from managing the property and affairs of the insolvent debtor in accordance with subparagraph 1) of paragraph 12 of this Article , and (or) suspended from the external supervision procedure in accordance with subparagraph 1) of paragraph 3 of Article 41-1 of this Law, before expiration of one year from the date of suspension;

3) the person, that was the head of another legal entity more than one year before the decision on recognizing the legal entity bankrupt.

The above condition applies for five years after the date of this decision making;

4) members of a partnership, shareholders of a joint stock company, members of a cooperative, if such a partnership, joint stock company or cooperative are insolvent debtor or its creditor. The provision of this subparagraph shall not apply in the cases

provided for in paragraph 1 of Article 9-1 of this Law;

5) a husband (a wife), close relatives of the persons, mentioned in subparagraph 1) of this paragraph.

12. Rehabilitation and (or) bankruptcy trustees should be suspended from managing the property and affairs of the insolvent debtor by the authorized body in the following cases:

1) violations of the requirements, revealed during an inspection, which are established by this Law and caused damage to the interests of the creditor or the debtor;

2) inability to fulfill their duties because of: death, temporary incapacity for more than one month, adjudication of incapability or partial capability, missing or declared dead; the enforcement of a judgment of conviction against them;

3) revelation of the fact that they submitted false information when registering;

4) failure to conclude an agreement with the creditors' committee within thirty calendar days after his appointment or termination of the agreement, concluded with the creditors' committee.

A repeated suspension within one year of rehabilitation and (or) bankruptcy trustees from managing the property and affairs of the insolvent debtor for the grounds, specified in subparagraph 1) of this paragraph, and (or) suspension for one of the grounds, specified in subparagraphs 2) and 3) of this paragraph, entails their simultaneous suspension from performing the work, provided for in this Law, in respect of all the debtors.

13. Rehabilitation and (or) bankruptcy trustees shall be freed from managing the property and affairs of the insolvent debtors in bankruptcy proceedings with the consent of the creditors' committee if the application to free them from it is provided at their own request. The application shall be attached with a report on their activities, coordinated with the creditors' committee, and the consent of the creditors' committee.

In case of suspension or exemption of the rehabilitation and (or) bankruptcy trustees from performance of the vested powers, the newly appointed rehabilitation and (or) bankruptcy trustees are the successors to the previous ones.

Footnote. Article 9 is in the wording of the Law of the Republic of Kazakhstan dated 15.07.2011 No 461-IV (shall be enforced from 30.01.2012).

Article 9-1. Management of the property and affairs of the debtor in rehabilitation procedure

1. At the request of the owner of property of the debtor (the authorized body), the founders (participants) with the consent of the creditors' meeting, the court retains the right to manage the property and affairs of the debtor since approval of a rehabilitation plan to the owner of the property of the debtor, the founders (participants).

An application for retention of the right to manage property and affairs of the

debtor, attached with the resolution of the creditors' meeting, is sent to the court together with the rehabilitation plan.

In the event of a decision making by the creditors' meeting to cancel the ownership right to the property of the debtor, the founders (participants) to manage the property and affairs of the debtor, the creditors' meeting is required to offer its candidate as a rehabilitation manager from the set of the persons, registered in the authorized body. The creditors' meeting decision to cancel the right to manage the property and affairs of the debtor is submitted to the court together with the rehabilitation plan.

The creditors' meeting is also required to offer a candidature of a rehabilitation manager in the case of suspension of owner of the property of the debtor, the founders (participants) from managing the property and affairs of the debtor.

In cases when the right to manage the property and affairs of the debtor remains with the owner of the property of the debtor, the founders (participants), the debtor's bodies have the powers, within the competences and responsibilities, established by this Law for a rehabilitation manager, with the exception of subparagraphs 1), 2), 3) of paragraph 1 of Article 51 of this Law.

The owner of property of the debtor (the authorized body), the founders (participants) are required to replace the members of the management bodies of the debtor upon the decision of the creditors' meeting in the event of violating the obligations by the body, specified by this Law and revealed by the creditor (creditors).

2. When selecting candidates for a rehabilitation manager, recommendations in respect of the persons, registered in the authorized body, may be obtained by the creditors' meeting in professional associations of persons, engaging in management of property and affairs of an insolvent debtor.

3. The authorized body shall appoint a candidacy, offered by the creditors' meeting as a rehabilitation manager.

4. In the case of non-repayment of the accounts payable for a period of over three months, and (or) revelation of violations of this Law, including those, revealed by the authorized body, the owner of the property of the debtor, the founders (participants), that retained the right to manage the property and affairs of the debtor, shall be suspended by the court from the management upon the application of a person, authorized by the creditors' meeting, within fifteen days from the date of the application's receipt.

The court's decision shall contain the following instructions:
within five days from the date of the decision's entry into force, the authorized body is to appoint a rehabilitation manager;
the debtor is to submit records, foundation, as well as title establishing documents to the property of the debtor, seals and stamps.

Footnote. Chapter 1 is supplemented by Article 9-1 in accordance with the Law of

the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 10. The register of creditors' claims

1. In order to meet the claims of creditors and ensure their interests in bankruptcy proceedings, the register of creditors' claims is drawn up.

2. The register of creditors' claims includes the claims of creditors that are undisputed and recognized as justified in accordance with paragraph 3 of this Article.

Indisputable claims are the requirements for which there is a court decision or enforcement documents that entered into force on recovery of money from the debtor.

3. The claims of creditors are recognized reasonable after rehabilitation or bankruptcy procedures made by the rehabilitation or bankruptcy trustees accordingly.

4. Disagreements between the creditors and the rehabilitation or bankruptcy trustees for inclusion of creditors' claims in the register or the amount of their claims are considered by the court at the request of the relevant creditor.

The court's decision is the ground for inclusion of the claims to the register.

Footnote. Article 10 is in the wording of the Law of the Republic of Kazakhstan dated 11.07.2001 No 239; as amended by the Laws of the Republic of Kazakhstan dated 10.01.2006 N 115 (shall be enforced from the date of its official publication); dated 05.07.2008 No 60-IV (the order of enforcement see art. 2); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 10-1. Competence of the Government of the Republic of Kazakhstan in bankruptcy area

The Government of the Republic of Kazakhstan:

1) establishes specific conditions and procedures for selling of the bankruptcy assets and additional requirements to the buyers of bankruptcy assets of bankrupt organizations that are the subjects of the natural monopolies or markets, taking a dominant (monopolistic) position in the market or having a special strategic importance for the economy of the country that could influence the life and health of citizens, national security or the environment, including the organizations, the shares (interests) of which are classified as the strategic objects in accordance with the legislation of the Republic of Kazakhstan, as well as those, recognized bankrupt at the initiative of the state;

1-1) takes a decision on acquisition of bankruptcy assets by the national management holding company of the bankrupt organizations, the shares (interests) of which are related to the strategic objects in accordance with the legislation of the Republic of Kazakhstan, or the organizations that have strategic importance for the economy of the Republic;

2) Is excluded by the Law of the Republic of Kazakhstan, dated 15.07.2011 No 461

- IV (shall be enforced from 30.01.2012);
- 3) Is excluded by the Law of the Republic of Kazakhstan, dated 15.07.2011 No 461
- IV (shall be enforced from 30.01.2012);
- 4) defines the procedure of bidding to sell the property (assets) of a debtor;
- 5) determines the procedure for referring legal entities to town-forming enterprises and keeps the list of the enterprises;
- 6) establishes the procedure for formation of the register of creditors' claims;
- 7) performs other functions assigned to it by the Constitution and the Laws of the Republic of Kazakhstan and the acts of the President of the Republic of Kazakhstan.

Footnote. Article 10-1 is in the wording of the Law of the Republic of Kazakhstan, dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2); as amended by the Laws of the Republic of Kazakhstan, dated 13.02.2009 No 135-IV (the order of enforcement See Art. 3); dated 01.03.2011 No 414-IV (shall be enforced from the date of its first official publication); dated 05.07.2011 No 452-IV (shall be enforced from 13.10.2011); dated 15.07.2011 No 461-IV (shall be enforced from 30.01.2012).

Article 10-2. Competence of the authorized body

The authorized body :

- 1) registers the persons, entitled to perform functions of rehabilitation and (or) bankruptcy trustees, and (or) an administrator of external surveillance, and conduct their deregistration;
- 2) Is excluded by the Law of the Republic of Kazakhstan, dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication) ;
- 3) appoints and dismisses the rehabilitation, bankruptcy trustees and the administrator of external surveillance;
- 4) exercises the state control over the external surveillance procedure, rehabilitation procedures and bankruptcy proceedings;
- 5) Is excluded by the Law of the Republic of Kazakhstan, dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication) ;
- 6) Is excluded by the Law of the Republic of Kazakhstan, dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication) ;
- 7) Is excluded by the Law of the Republic of Kazakhstan, dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication) ;
- 8) Is excluded by the Law of the Republic of Kazakhstan, dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication) ;

9) considers current reports of a rehabilitation manager on the progress of the rehabilitation procedure (requests the information about the transactions made) and a bankruptcy trustee about the bankruptcy proceedings, as well as the current reports of an administrator of external surveillance about the run of the external surveillance procedure ;

10) approves the final reports of a bankruptcy trustee and an administrator of external surveillance ;

11) **Is excluded by the Law of the republic of Kazakhstan, dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication) ;**

12) approves the forms of the final report of an administrator of external surveillance, rehabilitation and bankruptcy trustees, as well as the procedure for approval of the final report of an administrator of external surveillance and a bankruptcy trustee ;

13) approves the composition of the committee of creditors in bankruptcy proceedings, as well as the procedure of external surveillance;

14) approves the register of creditors' claims;

15) has the right to request supporting documents from a rehabilitation participant;

16) extends the period of bankruptcy proceedings;

17) **Is excluded by the Law of the Republic of Kazakhstan, dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication) ;**

18) makes a decision to dismiss the rehabilitation, bankruptcy trustees and the administrator of external surveillance in the cases, established by this Law;

19) controls the procedure of bidding for selling the property (assets) of a debtor;

20) reveals the signs of a false and deliberate bankruptcy;

21) examines complaints against the activities of the rehabilitation, bankruptcy trustees and the administrator of external surveillance;

22) takes measures to reveal transactions, made under the circumstances, specified in Article 6 of this Law ;

23) approves the rules for training of administrators of external surveillance, rehabilitation and bankruptcy trustees through the education organization;

23-1) establishes the application forms for registration, deregistration, and changes of the data about the registered person, as well as the forms of acknowledgment and denial of registration ;

24) establishes the procedure for appointment and dismissal of the rehabilitation and bankruptcy trustees, the administrator of external surveillance;

24-1) **Is excluded by the Law of the Republic of Kazakhstan, dated 05.07.2011 No 452-IV (shall be enforced from 13.10.2011);**

25) performs monitoring, including through requesting of information and documents from the debtor, relating to his financial and economic activities;

26) requests and receives information on insolvent debtors from the state bodies and their officials;

27) challenges in court the decisions and actions (inaction) of the administrator of external surveillance, bankruptcy and rehabilitation trustees in case of breaching this Law;

28) provides electronic services with appliance of information systems in accordance with the legislation of the Republic of Kazakhstan on informatization;

29) in the cases and the order, established by the Law, draws up protocols and considers cases on administrative offenses, imposes administrative penalties within its competence;

30) develops and approves the forms of mandatory departmental reports, checklists, risk assessment criteria, semi-annual audit plans in accordance with the Law of the Republic of Kazakhstan "On State Control and Supervision in the Republic of Kazakhstan";

31) performs other functions, provided 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 10-2 is in the wording of the Law of the Republic of Kazakhstan, dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2); as amended by the Laws of the Republic of Kazakhstan dated 17.07.2009 No 188-IV (the order of enforcement See Art. 2); dated 19.03.2010 No 258-IV; dated 06.01.2011 No 378-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.07.2011 No 452-IV (shall be enforced on 13.10.2011); dated 15.07.2011 No 461-IV (shall be enforced on 30.01.2012); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 10.07. 2012 No. 36-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 10-3. The state control over external surveillance procedure, rehabilitation procedure and bankruptcy proceedings

1. A subject of the state control of the authorized body over the external surveillance procedure, rehabilitation procedure, and bankruptcy proceedings is the compliance of the parties with the legislation of the Republic of Kazakhstan on bankruptcy.

The state control is performed in the form of inspections and other forms.

The issues of inspections that are not regulated by Article 10-4 of this Law shall be governed by the Law of the Republic of Kazakhstan "On State Control and Supervision in the Republic of Kazakhstan". Other forms of the state control are performed in

accordance with this Law.

2. For the purposes of this Article, the parties of the external supervision procedure, rehabilitation procedure and bankruptcy proceedings are the creditors, debtor, the owner of the property or its authorized body, a committee of creditors, an administrator of external supervision, bankruptcy and rehabilitation trustees.

3. Within other forms of the state control the authorized body is entitled to make inquiries in order to fulfill its powers.

4. Other forms of the state control are performed in the following forms:

1) recording of the persons, registered in the authorized body for implementation of functions of the rehabilitation and (or) bankruptcy trustees, and (or) the administrator of external surveillance;

2) monitoring;

3) in-house audit;

4) monitoring of compliance with the order of the bidding to sell the property (assets) of a debtor.

Footnote. Article 10-3 is in the wording of the Law of the Republic of Kazakhstan dated 17.07.2009 N 188-IV (the order of enforcement, See Article 2); as amended by the Law of the Republic of Kazakhstan dated 06.01.2011 No 378-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 15.07.2011 No 461-IV (shall be enforced from 30.01.2012).

Article 10-4. Verification of compliance of administrators of external supervision, rehabilitation and bankruptcy trustees with the requirements, established by the legislation of the Republic of Kazakhstan for external surveillance procedure, rehabilitation procedures and bankruptcy proceedings

1. Inspection is performed on the basis of the instruction of the authorized body or its territorial bodies once in three months of the inspected period.

2. The ground for the inspection is the instruction, containing the following details:

1) the date and a registration number in the authorized body;

2) the name of the authorized body that issued the instruction;

3) the name, first name, middle name (if any) and position of the person (persons), authorized to conduct the inspection;

4) **repealed by the Law of the Republic of Kazakhstan, dated 05.07.2008 No 60-IV (shall be enforced from 01.01.2012);**

5) **repealed by the Law of the Republic of Kazakhstan dated 12.01.2012 No 538-IV (shall be enforced from 01.01.2013);**

5-1) last name, first name, middle name (if any), address of the debtor - individual entrepreneur or the name and location of the debtor - legal entity, as well as its identification number;

6) the subject of the set inspection;

- 7) the date of the start and end of the inspection;
- 8) the legal grounds for the inspection, including the regulatory legal acts, obligatory requirements of which are subject to inspection;
- 9) the audited period.

The instruction must be signed by the head of the authorized body or its territorial body or by their deputies, and certified by the official seal.

3. On the basis of a single instruction only one inspection may be performed.
4. An administrator of external surveillance, rehabilitation and bankruptcy trustees must allow the inspectors to enter the territory or premises of the debtor for inspection, as well as to provide any requested information.
5. The authorized body shall be entitled to attract employees of other state bodies to the inspections.
6. Upon the inspection results, the official inspector shall draw up a report on audit findings in two copies, one of which is given to the administrator of external surveillance (rehabilitation or bankruptcy trustees) for review and take measures to eliminate the revealed violations and other actions.
7. Based on the results, reflected in the audit report and if the legislation of the Republic of Kazakhstan on bankruptcy is violated, the authorized body shall issue a recommendation with the timeframes for eliminating these violations.

Footnote. Chapter 1 as supplemented by Article 10-4, in accordance with the Law of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2); as amended by the Law of the Republic of Kazakhstan dated 12.01.2012 No 538-IV (the order of enforcement see art. 2).

Chapter 2. The creditors' committee

Footnote. The title of the Chapter was changed by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256.

Article 11. Formation of the creditors' committee

1. In order to ensure the interests of creditors and decision-making with their participation in the external surveillance procedure, an accelerated rehabilitation procedure, a rehabilitation procedure, bankruptcy proceedings, a committee of creditors is established.

Establishment of the committee of creditors is regulated by:

- 1) in external monitoring by Article 41-2 of this Law;
 - 2) in bankruptcy proceedings by Article 70 of this Law;
 - 3) in the accelerated rehabilitation procedure by Article 14-3 of this Law;
 - 4) in a rehabilitation procedure by Article 46-1 of this Law.
2. The committee includes a representative of the creditors for wages, social

contributions to the National Social Security Fund, the creditors for taxes and other obligatory payments to the budget, a representative of the creditor-authorized body for management of the state material reserves, as well as the bankruptcy and mortgage creditors, having the greatest sums of claims against the debtor.

The formed committee of creditors must include a person, offered by a creditor (creditors) of a homogeneous group, the amount of claims of whom (which) is more than fifty percent of the total amount of claims of the relevant homogeneous group, excluding the charged fines and penalties.

3. The creditor has the right to refuse to participate in the external supervision procedure, a rehabilitation procedure, and bankruptcy proceedings as a member of the creditors' committee.

4. At the request of the administrator of external supervision, a bankruptcy trustee, the creditors' committee in the bankruptcy proceedings, the debtor's creditors, the authorized body may change the formed and approved structure of the committee of creditors, taking into account the requirements of this Article.

5. The grounds for changing the structure of the formed and approved creditors' committee may be:

- 1) the creditors' committee's member's failure to attend the meetings of the creditors' committee more than twice without a good reason;
- 2) revelation of a creditor with the biggest amount of claims against the debtor;
- 3) an application of a member of the creditors' committee to expel him from the committee of creditors;
- 4) performance of obligations to the creditor, which is part of the committee of creditors;
- 5) a creditor's application on his inclusion to the committee of creditors;
- 6) other circumstances, not allowing the creditor to be in the structure of the committee of creditors (the court decisions which entered into force, a liquidation or the death of the creditor and others).

Footnote. Article 11 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 12. Meetings of the committee of creditors

1. The first meeting of the creditors' committee shall be held not later than fifteen days from the date of approval of the structure of the creditors' committee.

2. At the first meeting, the creditors' committee shall:

- 1) choose the chairman of the committee, entitled to give the casting vote right in case of equality of votes in the voting procedure;
- 2) set the dates for the report of a bankruptcy trustee to the committee of creditors for inventory;

3) define the amount of remuneration and the procedure for its payment to the
b a n k r u p t c y t r u s t e e .

3. Subsequent meetings of the creditors' committee shall be convened in the order
and timeframes, defined by the committee.

Footnote. Article 12 is in the wording of the Law of the Republic of Kazakhstan
dated 1 July, 1998 N 256; as amended by the Law of the Republic of Kazakhstan dated
11 July 2001 N 239; dated 10 January, 2006 No 115 (shall be enforced from the date of
its official publication.)

Article 13. The powers of the committee of creditors

1. The creditors' committee shall exercise the following powers:

1) approves the action plan for bankruptcy proceeding, which is an integral part of
t h e a g r e e m e n t ;

2) elects a representative of the creditors from the members of the creditors'
committee to control the actions of the rehabilitation or bankruptcy trustees;

3) requires the external supervision administrator, rehabilitation or bankruptcy
trustees to provide information about the financial condition of the debtor and
implementation of the external supervision procedures, rehabilitation procedures and
b a n k r u p t c y p r o c e e d i n g s ;

4) appeals to the authorized body and (or) the court the actions (inaction) of the
rehabilitation or bankruptcy trustee, and takes a decision on appeal to the authorized
body on their suspension from the performed duties;

5) approves the amount of accounts receivable from a bankrupt, which is
i m p o s s i b l e t o r e c o v e r ;

6) approves the plan for the bankruptcy assets sale, submitted by the bankruptcy
t r u s t e e ;

7) takes into account the results of the audit and inventory;

8) approves the Articles and the cost estimate for the bankruptcy proceedings;

9) in the event of reasonability, recommends the bankruptcy trustee not to stop
production activities of the company, declared bankrupt if it does not infringe the
i n t e r e s t s o f t h e c r e d i t o r s ;

10) approves the debtor's intention to receive the state support and suspension of
t h e r e h a b i l i t a t i o n p r o c e d u r e ;

11) defines the procedure for the sale of the debtor's property (assets) out of the
ordinary commercial transactions, including those, provided by the rehabilitation plan;

12) any other powers, provided by this Law.

2. The creditors' committee is obliged to inform the creditors about the
i m p l e m e n t a t i o n o f t h e p r o c e d u r e s :

1) in external surveillance, bankruptcy proceedings - at least once a month;

2) in an accelerated rehabilitation procedure, a rehabilitation procedure - in the

timeframes, established by the creditors' meeting.

Footnote. Article 13 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 14. Decision making by the creditors' committee

1. Meeting of the creditors' committee is competent if not less than two thirds of the committee members or their authorized representatives attended it.

2. Meeting of the creditors' committee shall be convened at the initiative of the owner of property of the debtor (the authorized body), the founders (participants) in case if they are entitled to manage property and affairs of the debtor in a rehabilitation procedure, the accelerated rehabilitation procedure, the external supervision administrator, rehabilitation or bankruptcy trustees, the members of the committee of c r e d i t o r s .

Members of the committee of creditors must be notified of the meeting of the creditors' committee, not later than seven working days before the meeting.

The notification shall contain the information on the place, date and time of the meeting, and its agenda .

3. Meeting of the creditors' committee is recorded in the protocol.

The protocol should include information about the members of the creditors' committee, that took part in the voting, the agenda, the voting results and the decisions made. The protocol shall be signed by all members of the committee of creditors, participating in the vote, the administrator of external supervision, rehabilitation or b a n k r u p t c y t r u s t e e s .

The external supervision administrator and the bankruptcy trustee submit the protocol to the authorized body within three working days from the date of its signing by all members of the committee of creditors that participated in the voting.

4. In the accelerated rehabilitation procedure, rehabilitation procedure, external supervision, as well as before approval of the register of claims of the creditors of bankruptcy proceedings, the creditors' committee's decision is made by a simple majority vote of the total set of members of the committee of creditors under the "one member - one vote" principle .

In bankruptcy proceedings after the approval of the register of claims of creditors, the creditors, involved in the committee of creditors, have the set of votes proportional to the amount of requirements for the total amount of the claims of creditors, included in the register of creditors' claims .

Penalties (fines, penalties), applied for failure to perform the obligations, the late payments, the losses in the form of the lost profits, as well as other property and (or) financial sanctions are not taken into account during determining the set of votes in the c o m m i t t e e o f c r e d i t o r s .

5. All other creditors of the debtor are entitled to participate in the meeting of the committee of creditors with the right to make recommendations to the creditors' committee on the issues, which are under the competence of the committee of creditors of the debtor.

6. The owner of property of the debtor (the authorized body), the founders (participants) have the right to attend the meeting of the committee of creditors and appeal the creditors' committee's decision in court.

Footnote. Article 14 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Chapter 2-1. An accelerated rehabilitation procedure

Footnote. The Law is supplemented by Chapter 2-1 in accordance with the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 14-1. Appliance of an accelerated rehabilitation procedure

1. An accelerated rehabilitation procedure is applied if the debtor meets the following requirements:

- 1) a case on bankruptcy or rehabilitation was not initiated in relation to the debtor;
- 2) the debtor is a commercial organization;
- 3) the debtor is insolvent or is unable to fulfill the financial obligations when they fall due in the next twelve months.

2. An accelerated rehabilitation procedure can be applied against the debtor for liabilities to the group (s) of homogeneous creditors, except for the requirements of citizens to whom the debtor is liable for causing damage to life or health, for wages and compensations to the persons, that worked under an employment contract, for the debts on social contributions to the State Social Insurance Fund, for payment of mandatory pension contributions, withheld from the wages, for remunerations under the copyright agreements, as well as for taxes and other obligatory payments to the budget.

3. An accelerated rehabilitation procedure against the debtor that is a participant of the state support measures may be introduced for obligations of any group (s) of homogeneous creditors in accordance with the terms of such measures.

4. The persons, involved in the case on the accelerated rehabilitation are:

- 1) the debtor;
- 2) the creditors, included in a homogeneous group (s) of creditors, included in the rehabilitation plan.

5. The court in the accelerated rehabilitation process:

- 1) applies and terminates the accelerated rehabilitation procedure;
- 2) approves the rehabilitation plan, with the exception of the debtor's plan, which is a participant of the state support measures;
- 3) approves amendments and additions to the rehabilitation plan, with the exception of the debtor's plan, which is a participant of the state support measures;
- 4) initiates processing of the cases on property disputes, in which the debtor is a defendant;
- 5) resolves all disputes between the parties of the accelerated rehabilitation procedure;
- 6) approves the final report.

Article 14-2. Application of the debtor on appliance of an accelerated rehabilitation procedure

1. If it is possible to restore solvency, to prevent insolvency, the debtor may apply to the judicial body on appliance of an accelerated rehabilitation procedure.

2. The application of the debtor is submitted to the court in a written form. It is signed by the head of the debtor or his deputy, in accordance with the constituent documents.

3. The application of the debtor shall include:

- 1) the name of the court to which the application is submitted;
- 2) the information on the amount of the accounts payable;
- 3) the information on approval of the rehabilitation plan by the creditors;
- 4) the statement of inability to meet the demands of creditors, including the reasons for impossibility of timely repayment of future payments;
- 5) the information on the assets, possessed by the debtor, including the property, pledged as collateral, which is in rent and (or) in leasing, on the funds in bank accounts, account numbers and locations of banks, on the amount of accounts repayable;
- 6) the information on obligations of the debtor, the execution time of which has not come;
- 7) a written obligation of the debtor to disclose information to the creditors, necessary for decision-making;
- 8) the obligation of the debtor that the creditors, relating to the groups of homogeneous creditors, which are not included in the rehabilitation plan, will receive due payments in the frames of ordinary commercial transactions and the submitted rehabilitation plan does not change or affect their rights;
- 9) a list of the documents attached.

The debtor's application shall also contain other information, if the debtor believes that they are necessary for the trial.

The requirements of subparagraphs 4), 5), 6), 8) of this paragraph shall not apply to the debtor that is a participant of the state support measures.

4. Costs for initiation of an accelerated rehabilitation procedure are covered by the debtor.

5. The debtor's application on initiation of the accelerated rehabilitation procedure shall be attached with the documents confirming:

- 1) payment of the state fee in the prescribed order and amount;
- 2) presence of debt or its occurrence, as well as other documents confirming the debtor's inability to satisfy the claims of creditors;
- 3) other circumstances on which the statement of the debtor is based.

A debtor that is a participant of the state support measures additionally submits a document, confirming the status of participant of such measures.

The requirements of subparagraph 2) of this paragraph shall not apply to the debtor that is a participant of the state support measures.

6. The application of the debtor shall be attached with:

- 1) the rehabilitation plan;
- 2) the list of creditors with indication of the amount of debt, the date of its formation and sub-grouping of homogeneous creditors;
- 3) the minutes of a meeting, and (or) a written confirmation of the approval of the rehabilitation plan by the creditors, the amount of the claims of which is more than fifty per cent of the total amount of claims of each group (s) of homogeneous creditors, included in the rehabilitation plan;
- 4) the information on the lawsuits against a debtor, taken by the courts for proceedings, as well as on the claims against the undisputed (acceptance-free) write-off;
- 5) a list of members of the creditors' body, if such a body was established by the creditors during consideration and approval of the rehabilitation plan;
- 6) the copies of the constituent documents.

The requirements of subparagraph 2), 3), 4) of this paragraph shall not apply to the debtor that is a participant of the state support measures.

7. All the documents attached to the debtor's application are signed by the person, that submitted the application and are stamped.

8. The debtor's application to the court on initiation of the accelerated rehabilitation procedure is returned without consideration by the court in the following cases:

- 1) the debtor does not comply with the conditions, established by Article 14-1 of this Law;
- 2) the application does not meet the requirements, established by this Article.

Article 14-3. Participation of creditors in an accelerated rehabilitation procedure

1. In order to ensure the interests of the whole group (groups) of homogeneous creditors, a meeting of creditors is convened, participating in the accelerated

rehabilitation

procedure.

2. The first meeting of creditors must be held no later than one month from the date of the court decision on appliance of the accelerated rehabilitation procedure.

3. In the case of appliance of the accelerated rehabilitation procedures in relation to the debtor that is a participant of the state support measures, the powers of the meeting and the creditors' committee, established by this Law, are applied to the bodies of the debtor's creditors, established in the frames of the above-mentioned measures.

4. The expenses for the meeting of creditors, the meetings of the creditors' committee, notification of creditors are covered by the debtor.

5. The right to participate in the meeting of creditors belongs to the creditors, the debtor and the owner of the property of the debtor (its authorized body), the founders (participants) or their representatives.

6. Organization and holding of a meeting of creditors are performed by the debtor at the location of the debtor or its management bodies.

7. For the purposes of this Law, an appropriate notification of holding a meeting of creditors is sent to the creditors and other persons, entitled to attend the meeting of creditors by the registered mail no later than seven working days prior to the date of the meeting of creditors. If the set of creditors is over fifty, due notice is published in the periodicals that are distributed throughout the Republic of Kazakhstan and the respective administrative-territorial unit at the location of the debtor, which are duly authorized to publish officially the regulatory legal acts in the Kazakh and Russian languages, not later than seven working days prior to the date of the meeting of creditors.

For the creditor, whose location is out of the respective administrative-territorial unit, a due notice is sent to the creditor as a registered mail no later than seven working days prior to the date of the meeting of creditors.

If it is impossible to obtain the information necessary for personal notification at the place of permanent or primary residence or location, or if there are other circumstances that make it impossible, a due notification on holding a meeting of creditors is published in the media for such persons in the order, established by the first part of this paragraph.

If the debtor has the Internet resource, publication of notification in the specified Internet site on holding a meeting of creditors no later than seven working days before the meeting of creditors is mandatory.

The notification on holding a meeting of creditors must include the following information:

- 1) the name and location of the debtor and his address;
- 2) the date, time and place of the meeting of creditors;
- 3) the agenda of the meeting of creditors;

4) the procedure for reviewing the materials to be considered by the creditors' meeting .

8. If it is impossible to attend the meeting, the participant of the meeting of creditors or his authorized representative shall have the right to vote in absentia, except for the cases, provided in this Law.

When a participant of the meeting of creditors has chosen a method of absentee voting, he must notify the debtor on it no later than five working days before the meeting .

Not later than three working days before the meeting, the debtor shall send or submit the materials, related to the agenda, to such participant of the meeting of creditors for review .

9. The creditors, participating in the meeting of creditors, have a set of votes proportional to the amount of claims to the total amount of the claims of creditors, participating in the meeting .

Penalties (fines, penalties), interest for late payment, losses in the form of the lost profits, as well as other property and (or) financial sanctions to be applied for failure to perform the obligations are not considered for determining the set of votes at the meeting of creditors .

10. The meeting of creditors is duly constituted if it is attended by the creditors, possessing not less than seventy-five percent of the total set of votes of each group of homogeneous creditors, included in the rehabilitation plan. Re-convened meeting of creditors is duly constituted if it is attended by the creditors possessing more than half of the total set of votes of each group of homogeneous creditors, included in the rehabilitation plan, provided that the creditors have been duly notified of the time and place of the meeting of creditors .

11. Decisions of the creditors' meeting are taken by a majority vote of the votes of creditors, participating in the meeting of creditors .

12. The minutes of the meeting of creditors are drawn up in duplicate, one of which is submitted to the court, the second one – to the creditors' committee .

The minutes of the meeting of creditors must be attached with the following copies:

the documents, confirming the powers of representatives of the meeting participants ;

the materials, submitted by the meeting participants for review and (or) approval;

the documents which evidence the proper notification of creditors on the date and place of the meeting of creditors;

other documents at the discretion of the debtor .

13. The exclusive competence of the creditors' meeting includes:

1) defining the number, formation and approval of the composition of the creditors' committee ;

- 2) changing the composition of the committee of creditors;
- 3) coordination of changes and amendments to the rehabilitation plan;
- 4) defining the order of informing the creditors on implementation of the accelerated rehabilitation procedure by the members of the creditors' committee;
- 5) approval of transactions outside the ordinary commercial transactions, that are not provided by the rehabilitation plan;
- 6) coordination of extending the accelerated rehabilitation procedure;
- 7) approval of the final report;
- 8) other powers, provided by this Law.

14. Absentee voting is not allowed in making decisions on the matters that are within the competence of the meeting of creditors, provided for in subparagraphs 3) and 6) of paragraph 13 of this Article.

15. Meetings of the committee of creditors, their holding and decision making are performed in the order, established by Article 14 of this Law.

Article 14-4. Rehabilitation plan

1. A rehabilitation plan should contain the specified measures to rehabilitate solvency of the debtor (rehabilitation measures), to prevent the occurrence of insolvency due to the inability to cover obligations, whose time of performance has not come, a debt repayment schedule and (or) the future payments to the groups of homogeneous creditors, involved in the accelerated rehabilitation procedure.

Changes and additions to the rehabilitation plan shall be made with the consent of the creditors' meeting and approved by the court.

2. Rehabilitation measures can include any organizational and economic, technical, financial, legal and other actions, not contradicting the legislation of the Republic of Kazakhstan, the actions, aimed at rehabilitation of solvency of the debtor, including reorganization, sale of property (assets) through bids, the assignment of claims of the debtor, the writing-off of a part of principal amount of the debt, the writing-off of the late payment fees and fines, exchange of debts for shares, conclusion of a settlement agreement and others.

3. If the rehabilitation plan includes obtaining of loans (microcredits) as a source of funds and provides for the state support measures, the rehabilitation plan is attached with an agreement for a loan (micro-credit) or a positive solution of a financial institution, or a document, confirming the status of the participant of the state support measures.

Article 14-5. Commencement of proceedings on the accelerated rehabilitation and its implications

1. After receiving an application on appliance of the accelerated rehabilitation procedure, meeting the requirements specified in Article 14-2 of this Law, the court, no later than five working days after the application's receipt, makes a decision to initiate

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2. Since the commencement of the case on the accelerated rehabilitation:

1) the owner of the property of the debtor (its authorized body), the founders (participants), all the bodies of the legal entity are not allowed to use and sell the property outside the ordinary commercial transactions;

2) implementation of the previous decisions of courts and arbitration courts on the claims of creditors, that are the members of a group of homogeneous creditors, included in the rehabilitation plan, as well as the owners of the property of the debtor (the authorized bodies), the founders (participants) shall be suspended in respect of his p r o p e r t y ;

3) it is not allowed to initiate bankruptcy proceedings upon the application of the creditor (s), that is a part (s) of a group of homogeneous creditors, included in the r e h a b i l i t a t i o n p l a n ;

4) it is not allowed to initiate bankruptcy proceedings at the request of the creditor (creditors) if the debtor receives the status of a participant of the state support measures;

5) within five working days the debtor shall send a notification on initiation of the proceedings to each creditor of the group of homogeneous creditors, included in the r e h a b i l i t a t i o n p l a n ;

6) within five working days of receipt of the notification, the creditors may submit an objection to the court, considering the case on the accelerated rehabilitation in case of disagreement with the amounts payable, specified in the notification;

7) it is not allowed to recover money from the bank accounts of the debtor for the creditors' claims, involved in the accelerated rehabilitation procedure, including those subject to satisfaction without legal proceedings (acceptance-free procedure), as well as the foreclosure of the debtor's property.

3. The notification, sent by the debtor to the creditors, should contain:

1) the information on initiation of proceedings on the accelerated rehabilitation;

2) the name of the court that issued a notice on initiation of proceedings on the accelerated rehabilitation and its location;

3) the amount of the creditor's claims, mentioned in the documents, attached to the application for appliance of the accelerated rehabilitation procedure, as well as the total amounts of claims of the group (groups) of homogeneous creditors, involved in the accelerated rehabilitation procedure;

4) information on the possibility of submitting objections to the court by the creditor in the case of disagreement with the said amounts payable within five working days after receiving the notification.

4. Copies of announcements, originals of notifications with acknowledgment of their receipt by the creditors or the impossibility of their delivery due to the creditor's

absence at the location, must be submitted to the court by the debtor within ten working days from the date of commencement of the case on the accelerated rehabilitation procedure.

Article 14-6. Consideration of the case in court

1. When preparing a case on an accelerated rehabilitation for the court, in addition to the actions, specified by the civil procedure legislation of the Republic of Kazakhstan, the court shall notify the creditors, involved in the accelerated rehabilitation process, and the prosecutor of the time and place of trial.

2. After completion of preliminary preparation of the case, but not later than fifteen days after its initiation, the case on the accelerated rehabilitation shall be assigned to the trial, and the court issues a relevant decision on it.

The case on the accelerated rehabilitation shall be considered by the court within the timeframes not exceeding one month from the date of the proceedings' initiation.

3. Deadline for pre-preparation of the case for the accelerated rehabilitation shall not exceed fifteen days from the date of the proceedings' initiation.

4. The court's decision on appliance of the accelerated rehabilitation procedure is taken if the following conditions are performed:

1) during the trial the debtor proved insolvency or inability to fulfill its financial obligations, the period of execution of which comes in the next twelve months;

2) the debtor fully complied with the requirements of the creditors' notification on commencement of proceedings;

3) the property interests of the creditors, that have not agreed to apply the accelerated rehabilitation procedure, are taken into account by the rehabilitation plan;

4) claims of creditors, that approved the rehabilitation plan, make up more than fifty percent of the total amount of requirements of the relevant group (groups) of homogeneous creditors.

The requirements of subparagraphs 1) and 4) of this paragraph shall not apply to the debtor that is a participant of the state support measures.

5. The court decision shall contain:

1) the name of the debtor, his location, information on bank accounts, tax identification number (business identification number), the name, surname and patronymic of the head, a contact phone number;

2) an instruction to apply the accelerated rehabilitation procedure;

3) an instruction on approval of the rehabilitation plan, except for the cases of appliance of the accelerated rehabilitation procedure to the debtor that is a participant of the government support measures;

4) information on the timeframes of the accelerated rehabilitation procedure;

5) a list of creditors included in the rehabilitation plan;

6) the amount of claims of the group (groups) of homogeneous creditors, included

in the rehabilitation plan;

7) an indication on occurrence of the implications of the accelerated rehabilitation procedure, provided for in this Law;

8) an instruction on submission of a final report by the debtor upon the implementation of the rehabilitation plan.

6. The court rejects initiation of the accelerated rehabilitation procedure in the following cases:

1) in the trial proceedings, the debtor has not confirmed its insolvency and (or) the absence of ability to repay future payments timely;

2) the debtor has not fulfilled the requirements of paragraph 4 of Article 14-5 of this Law and the debtor has not proved the inability to notice the creditor because of his absence at the location;

3) the notice of initiation of proceedings, submitted to the creditors, does not meet the requirements of paragraph 3 of Article 14-5 of this Law;

4) property interests of the creditors, that did not agree to the accelerated rehabilitation procedure, are not taken into account by the rehabilitation plan;

5) the rehabilitation plan changes and touches the rights of creditors, that are not the members of the group of homogeneous creditors, that coordinated the rehabilitation plan;

6) the documents, submitted by the debtor, do not confirm approval of the rehabilitation plan by the creditors, representing more than fifty percent of the total amount of claims of each group of homogeneous creditors, included in the rehabilitation plan.

The requirements of subparagraphs 5) and 6) of this paragraph shall not apply to the debtor that is a participant of the government support measures.

7. In the cases when during the proceedings the circumstances, specified in paragraph 6 of this Article, are not established, the court makes a decision on initiation of the accelerated rehabilitation procedure.

Article 14-7. Timeframes for an accelerated rehabilitation procedure

Duration of an accelerated rehabilitation procedure should not exceed two years. At the request of the debtor, with the consent of the creditors' meeting, the court may extend the timeframes of the procedure, but not more than for six months.

In the case of appliance of the state support measures to the debtor, the court establishes a deadline of the procedure in accordance with the approved rehabilitation plan.

Article 14-8. Consequences of appliance of an accelerated rehabilitation procedure and approval of a rehabilitation plan

1. After rendering a court decision on appliance of an accelerated rehabilitation procedure and approval of a rehabilitation plan, the following consequences occur:

1) the owner of the property of the debtor (its authorized body), the founders (participants), all bodies of the legal entity shall be prohibited to use and sell assets outside the ordinary commercial transactions, except for the government support measures, provided by the rehabilitation plan, without the consent of the creditors' meeting or other bodies of creditors, created under their appliance;

2) execution of previous decisions of court and arbitration courts on the claims of creditors, involved in the group of homogeneous creditors, included in the rehabilitation plan, as well as the owners of the property of the debtor (the authorized bodies), the founders (participants) shall be suspended in respect of his property;

3) initiation of bankruptcy proceedings is not allowed at the request of creditor (creditors), that is (are) the member (members) of a group of homogeneous creditors, included in the rehabilitation plan;

4) initiation of bankruptcy proceedings is not allowed at the request of the creditor (creditors), in the case of appliance of the government support measures to the debtor.

2. Within the timeframes of the accelerated rehabilitation procedure, not later than the 15th of each month, the debtor shall inform the members of the creditors' committee about the financial condition, the transactions made in the ordinary course of business for the previous month, provide any information at the request of the creditors' committee.

3. Settlements with creditors, included in the rehabilitation plan, shall be performed in accordance with the repayment schedule, provided by the rehabilitation plan.

4. Settlements with other creditors, not involved in the accelerated rehabilitation procedure, are performed in the frames of the ordinary course of business operations.

Article 14-9. Termination of an accelerated rehabilitation procedure

1. An accelerated rehabilitation procedure is terminated by the court in the following cases:

1) submission of the final report, coordinated by the meeting of creditors;

2) expiration of the term of the accelerated rehabilitation procedure, if there are no grounds for extending the time limit;

3) revelation of irregularities while implementing the rehabilitation plan, as well as the provisions of this Law on the basis of the decision of the creditors' meeting at the request of the person, authorized by the meeting;

4) at the request of the creditor in respect of which the debtor fails to perform the repayment schedule within more than three months;

5) initiation of bankruptcy proceedings at the request of the creditor, irrelevant to the group of homogeneous creditors, included in the rehabilitation plan, or the creditor, whose claims arose during the accelerated rehabilitation procedure;

6) at the request of the creditor, relating to the group of homogeneous creditors, included in the rehabilitation plan, whose rights and legitimate interests are violated,

and (or) not taken into account by the rehabilitation plan.

2. Upon termination of the accelerated rehabilitation procedure, the restrictions are removed, specified in Article 14-8 of this Law, and the creditors exercise their rights in accordance with the acting legislation.

Chapter 3. Court proceedings on bankruptcy or rehabilitation cases

Footnote. The title of Chapter 3 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 15. The order of initiation of bankruptcy or rehabilitation cases

1. Bankruptcy proceedings are initiated in the court upon the application of the debtor, the creditor (creditors) if there are grounds, specified in Article 4 of this Law, the prosecutor in the cases, provided for in Article 26 of this Law, the rehabilitation manager, in the case, specified in Article 53 of this Law.

2. Tax and other authorized state body for taxes and other obligatory payments to the budget, as well as individual and legal entities-creditors for civil-law and other obligations are entitled to apply to the court with a bankruptcy petition.

3. The rehabilitation proceedings are initiated in the court based on the application of the debtor if the grounds, specified in Article 4 of this Law, are provided.

The debtor also has the right to submit the application on appliance of a rehabilitation procedure to the court within ten days from the date of receipt of copies of the court decision on initiation of bankruptcy proceedings.

4. The bankruptcy or rehabilitation proceedings are initiated after rendering the court decision on initiation of proceedings on bankruptcy petition or appliance of the rehabilitation procedure.

5. The application, filed by the debtor, the rehabilitation manager for bankruptcy petition, may not be withdrawn without a relevant court decision. The applications of the creditor (creditors), except for the cases of submitting the application on the grounds, specified in Article 53 of this Law, the prosecutor, may be revoked by him (them) before making the decision on recognizing the debtor bankrupt.

Footnote. Article 15 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 16. Individuals, involved in bankruptcy or rehabilitation cases

Footnote. The title of Article 16 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

The persons, involved in bankruptcy or rehabilitation cases may be:

- 1) the debtor;
- 2) the creditors;
- 3) a representative of the creditors for payment for labor;
- 4) the prosecutor;
- 5) the owner of the property of the debtor or his authorized body;
- 6) the authorized body;
- 7) (is excluded)

Footnote. Article 16 as amended by the Laws of the Republic of Kazakhstan dated 01.07.1998 No 256; dated 11.07.2001 No 239; dated 20.12.2004 No 13 (shall be enforced on 01.01.2005); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 17. Application of a debtor

1. The debtor may apply to the court for recognition of its bankruptcy on the basis of decisions of:

- 1) the body of a legal entity, authorized by its constituent documents;
- 2) the owner of the property of the debtor or his authorized body.

2. The debtor must apply to the court for recognition of its bankruptcy in the case when the owner of its property, its authorized body, the founders or the authorized body of the legal entity have taken a decision on its liquidation, and the property is not enough to satisfy the claims of the creditors in full.

Footnote. Article 17, as amended by the Laws of the Republic of Kazakhstan dated 01.07.1998 No 256; dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 18. The structure and content of the debtor's application

1. The debtor submits an application to the court in a written form. It is signed by the head of the debtor - legal entity or his deputy in accordance with the constituent documents.

2. The debtor's application shall contain:

- 1) the name the court to which the application is submitted;
- 2) justification of inability to satisfy the claims of the creditors;
- 3) the information about the assets, possessed by the debtor, including property, pledged as collateral, which is in rent and leasing, about the money in bank accounts, the numbers of accounts and the banks' locations, the list of debtors with their location and the amount of their debt;

4) the information about the obligations of the debtor, the execution time of which has not come;

5) the information about the relation of the debtor's activities to the natural monopoly or that the debtor is a market subject with a dominant (monopolistic)

position in the market;

6) a list of the documents attached.

The debtor's application may contain other information, if it is required to consider the bankruptcy or rehabilitation case, as well as the applicant's petitions.

The debtor must send the copies of the application and the documents attached thereto to the authorized body.

Footnote. Article 18, as amended by the Laws of the Republic of Kazakhstan dated 11.07.1997 No 154; dated 01.07.1998 No 256; dated 11.07.2001 No 239; dated 08.04.2004 No 542 (shall be enforced from 01.01.2005); dated 10.01.2006 No 115 (shall be enforced from the date of its official publication); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 19. The documents, attached to the debtor's application

1. The debtor's application for recognition of its bankruptcy is attached with the documents, confirming:

- 1) payment of the state fee in the prescribed order and amount;
- 2) presence of debt, and the debtor's inability to satisfy the claims of the creditors;
- 3) other circumstances, on which the debtor's application is based.

2. The debtor's application for recognition of its bankruptcy is also attached with:

1) the decision of the owner or the founders (participants), the bodies of the legal entity, which is the ground for the debtor's applying to the court for recognition of its bankruptcy;

2) financial statements for the last three years and at the time of application, the tax records for all the obligations of the debtor during the specified period, the list of all creditors and debtors (taxpayer identification number, individual identification number or business ID number, full name, legal address) with the amounts and dates of occurrence of the relevant debt;

3) the minutes of the meeting (conference) of the personnel (employees) of the debtor, where their representative was elected in a secret ballot to participate in the bankruptcy case;

4) copies of constituent documents;

5) conclusion of the authorized body, managing in natural monopolies areas and at the regulated markets, issued by him within ten working days from the receipt of a written notification from the debtor on applying to the court for recognizing its bankruptcy, if the debtor is a natural monopoly subject;

6) the conclusion of the anti-monopoly body, submitted by him within ten working days from the day of receipt of a written notification of the debtor to apply to the court for recognizing its bankruptcy, if the debtor is a market entity with a dominant (monopolistic) position on the relevant market;

7) conclusion of the administrator of external surveillance, if the external

observation procedure was conducted in relation to the debtor;

8) the information on the proceeded claims to the debtor, as well as the claims against the undisputed (acceptance-free) writing-off.

3. An application of the rehabilitation trustee on termination of the rehabilitation procedure and recognition of the debtor bankrupt shall contain the information and documents, specified by paragraphs 1 and 2 of this Article, except as provided in subparagraphs 1), 3) and 7) of paragraph 2 of this Article.

4. The debtor's application on initiation of the rehabilitation procedure shall be attached with the documents, confirming:

1) payment of the state fee in the prescribed manner and amount;
2) presence of debt, and the debtor's inability to satisfy the claims of creditors or the threat of insolvency, when the debtor will be unable to meet financial obligations as they fall due in the next twelve months;

3) other circumstances on which the debtor's application is based.

5. The debtor's application on initiation of the rehabilitation procedure shall be also attached with :

1) the decision of the owner of the property of the debtor (his authorized body), the founders (participants), the bodies of the legal entity, which is the ground for the debtor's applying to the court on initiation of the rehabilitation procedure;

2) financial statements for the last three years, the list of all creditors and debtors (taxpayer identification number, individual identification number or business ID number, full name, legal address) with the amounts and dates of occurrence of the relevant debt, and information about the financial condition, including information about the assets, obligations and own capital at the time of application submission;

3) the information on the proceeded claims against the debtor, as well as the claims against the undisputed (acceptance-free) writing-off;

4) conclusion of the administrator of external surveillance on the possibility to rehabilitate solvency in the case if the external observation procedure was applied to the debtor ;

5) copies of the constituent documents.

Footnote. Article 19 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 27.04.2012 No 15-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 20. Deferral of payment of the state fees

(Is excluded by the Law of the Republic of Kazakhstan dated 10 January, 2006 N 115 (shall be enforced from the date of its official publication).)

Article 21. Return of the debtor's application without consideration

1. The debtor's applying to the court for recognizing its bankruptcy or initiation of a rehabilitation procedure that do not meet the requirements, provided by Articles 18 and 19 of this Law and shall be the grounds for the return of the application without consideration.

2. In the cases when the appeal to the court on recognizing its bankruptcy for the debtor in accordance with this Law is mandatory and the application is not attached with the necessary documents, such an application is proceeded by the court, and the missing documents shall be requested by the court in the order of preparing the case for trial.

Footnote. Article 21, as amended by the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 22. The creditor's (creditors') application

1. Bankruptcy proceedings can be initiated upon the creditor's (creditors') application for civil and other obligations.

2. The creditor's application is submitted to the court under the general rules, established by the legislation of the Republic of Kazakhstan.

3. The creditor's application shall contain:

1) the name of the court to which the application is submitted;
2) the name, first name, middle name (if applicable), the place of residence of the debtor - individual entrepreneur or the name and location of the debtor - legal entity;

3) the name, first name, middle name (if applicable), the place of residence of the creditor – individual entrepreneur or the name and location of the creditor - legal entity ;

4) the debtor's obligations to the creditor from which the claim arose, the term of fulfilling the obligation ;

5) substance and amount of the claims of the creditor against the debtor;

6) the amount of debt for obligation and the remuneration (interest), penalties (fines , penalties) and losses to be recovered from the debtor, accrued on that amount;

7) the established legal grounds of the creditor's claims (the court judgment, the recognition of these claims by the debtor, in their absence - the evidence, supporting the validity of the creditor's claims and their amount);

8) the information known to the creditor about the debtor's assets;

9) the list of the documents attached;

10) the proof of submitting the claims to the debtor.

11) other information, if it is required for consideration of the bankruptcy case.

4. The creditor must send the copies of the application and the documents attached thereto to the debtor and the authorized body.

5. The creditor's application that does not meet the requirements, specified in

paragraphs 2 and 3 of this Article, as well as the application, submitted without the required documents, is returned without consideration.

Footnote. Article 22, as amended by the Laws of the Republic of Kazakhstan dated 11.07.1997 No 154; dated 01.07.1998 No 256; dated 11.07.2001 No 239; dated 10.01.2006 N 115 (shall be enforced from the day of its official publication); dated 05.07.2008 60 No-IV (the order of enforcement, See Article 2).

Article 23. The documents attached to the creditor's application

The creditor's application on recognizing a debtor bankrupt is attached with the documents, confirming:

- 1) payment of the state fee in the prescribed manner and amount;
- 2) submission of copies of the creditor's application and the documents attached thereto to the debtor and the authorized body;
- 3) the debtor's obligation to the creditor, and the presence and amounts of the debt under these obligations;
- 4) the validity of the creditor's claims (the executive documents, court decision or a written recognition by the debtor of the creditor's claims);
- 5) other circumstances on which the application of the creditor is based.

Footnote. Article 23, as amended by the Laws of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 24. Joint claims of one or more creditors

1. The creditor is entitled to have several claims in one application against the debtor for various obligations.

2. Creditors are entitled to unite their claims against the debtor and apply to the court with an application. Such application shall be signed by the creditors that united their claims.

Article 25. Application of tax and other authorized state body for taxes and other obligatory payments to the budget

(Is excluded by the Law of the Republic of Kazakhstan dated 10 January, 2006 N 115 (shall be enforced from the date of its official publication).)

Article 26. Application of a prosecutor

1. The prosecutor is entitled to apply to the court for recognizing the debtor bankrupt:

- 1) if he revealed the signs of deliberate bankruptcy;
- 2) in the interest of the creditor - the Republic of Kazakhstan, the state bodies;
- 3) in the interests of the creditors of the absent debtor.

2. The prosecutor's application is submitted to the court in compliance with the requirements, specified by this Law, in respect of application of the creditor, unless otherwise stipulated by the legislative acts of the Republic of Kazakhstan, or not arises

from the substance of the relationships.

Footnote. Article 26, as amended by the Laws of the Republic of Kazakhstan dated 11.07.2001 No 239; dated 05.07.2008 N 60-IV (the order of enforcement See Art. 2).

Article 27. Initiation of bankruptcy or rehabilitation proceedings

1. After receiving an application for a bankruptcy or an application for a rehabilitation procedure, meeting the requirements, established by the legislation of the Republic of Kazakhstan, the court no later than five working days after receipt of the application renders a decision on a case initiation.

2. The decision on initiation of proceedings shall contain the responsibilities of the state and other bodies, involved in registration of property rights, imposition of restrictions, provided by paragraph 1 of Article 28 of this Law.

3. The copies of the court's decision to initiate the case are sent by the court to the debtor, the applicant, the authorized body, the state and other bodies, involved in registration of property rights, the regional board of private Law enforcement bodies and the territorial executive body at the location of the debtor.

Footnote. Article 27 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 28. Consequences of commencement of bankruptcy or rehabilitation proceedings

1. Since commencement of the bankruptcy or rehabilitation proceedings:
 - 1) the owner of the property of the debtor (its authorized body), the founders (participants), all the bodies of the legal entity are prohibited to use and sell the assets outside the ordinary commercial transactions;
 - 2) execution of the previously made decisions of courts, arbitration courts, tax bodies, as well as the owners (founders and members) or bodies of the debtor, shall be suspended in respect of his property, except for the payments to citizens, to whom the debtor is liable for damage to life or health without taking into account the claims for satisfaction of the non-pecuniary damage;
 - 3) any claims of creditors against the debtor may only be brought within the bankruptcy or rehabilitation procedures, provided for by this Law;
 - 4) recovery of money from the bank accounts of the debtor is not permitted at the request of creditors, tax bodies and other authorized state body on taxes and other obligatory payments to the budget, including those to be satisfied by uncontested (acceptance-free) procedure, as well as the foreclosure of the debtor's property;
 - 5) it is prohibited to alienate the shares or interests in the property of the debtor.
2. Within seven working days the court must publish the announcement of the initiation of bankruptcy or rehabilitation proceedings in the periodicals, circulating throughout the Republic of Kazakhstan and the corresponding administrative and

territorial unit at the location of the debtor, which is authorized to publish officially the regulations both in the Kazakh and Russian languages.

Publication of an announcement is performed at the expense of the person that has submitted an application for initiation of bankruptcy or rehabilitation procedures, which shall be reimbursed in the order, established by Article 40 of this Law.

Footnote. Article 28 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 27.04.2012 No 15-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 29. A debtor's response to the application of a creditor or a prosecutor

1. Within ten days from the date of receipt of a copy of the court's decision on initiation of bankruptcy proceedings, the debtor shall send to the court a response to the application of the creditor or the prosecutor.

2. The response shall contain:

- 1) the name of the court, to which the response is sent;
- 2) the name, first name, middle name (if any), or the applicant's name, number and date of application;
- 3) the debtor's objections to the applicant's requests;
- 4) the total amount of liabilities to other creditors, for payment of wages and salaries to the debtor's workers, for social security contributions payable to the State Social Insurance Fund, taxes and other obligatory payments to the budget;
- 5) information about the debtor's assets, including the property, pledged as collateral, which is in rent or leasing, about the money in bank accounts, account numbers and the banks' locations, the list of debtors with an indication of their location and the amount of their debt;
- 6) the proof of satisfaction of the applicant's claims in the event if the debtor recognizes them.

3. The debtor's response must be attached with the documents proving the debtor's ability:

- 1) to fulfill the debt obligations, the period of execution of which has already come;
- 2) to fulfill the debt obligations, the period of execution of which will come within three months from the date of submitting an application for recognizing the debtor bankrupt.

4. Absence of the debtor's response or its submission in violation of the time limit, provided for in paragraph 1 of this Article, without a good reason, is considered as recognition of his insolvency by the debtor, and may be the ground for the court's decision to recognize the debtor bankrupt.

5. Recognition of insolvency, contained in the response of the debtor is the ground for rendering the court's decision on recognizing him bankrupt.

In the event that the debtor recognizes his insolvency in the response, submission of the documents referred to in paragraph 3 of this Article, is not mandatory.

Footnote. Article 29 is in the wording of the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; as amended by the Law of the Republic of Kazakhstan dated 11 July 2001 No 239; dated 8 April, 2004 No 542 (shall be enforced from 1 January 2005); dated 10 January, 2006 No 115 (shall be enforced from the day of its official publication); dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 29-1. Suspension and resumption of bankruptcy proceedings

1. After receiving a debtor's application on initiation of a rehabilitation procedure in the frames of the bankruptcy proceedings, no later than five working days after receipt of the application, the court renders a decision on suspension of the bankruptcy proceedings.

2. The copies of the court's decision to suspend the bankruptcy proceedings are sent by the court to the debtor, the applicant, the authorized body, the regional board of private Law enforcement bodies and the territorial executive body at the location of the debtor.

3. The bankruptcy proceedings are resumed by the court in the following cases:

1) leaving the application on initiation of the rehabilitation procedure by the court without consideration;

2) rendering a decision to refuse to initiate the rehabilitation procedure;

3) termination of the rehabilitation procedure on the grounds, specified in Article 53 of this Law.

4. Bankruptcy proceedings are resumed by the court's decision.

Footnote. Chapter 3 is supplemented by Article 29-1 in accordance with the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 30. Ensuring the creditors' claims

At the request of a creditor or a prosecutor or any other person, involved in the case, the court is entitled to take the following measures to ensure the creditors' claims:

1) seize the property belonging to the debtor (part of the property), including money;

2) prohibit the debtor to take actions that may result in a decrease of the assets, or otherwise infringe the interests of creditors;

3) suspend the recovery under the execution or other documents on which the

recovery is made in uncontested (acceptance-free) procedure.

Footnote. Article 30 as amended by the Law of the Republic of Kazakhstan dated 11 July, 1997 No 154; dated 9 August, 2002 No 346.

Article 31. Preparation of a case for court proceedings

1. Presence of the debtor's response, containing objections to the claims of the creditor or the prosecutor, submitted to the court in accordance with provisions of Article 29 of this Law, is the ground for preparing the case for court proceedings.

2. When preparing the case on the debtor's bankruptcy for court proceedings, the court performs additional actions, other than those, provided by the procedural legislation of the Republic of Kazakhstan:

- 1) notifies the authorized body, the creditors, the public prosecutor and other persons, involved in the case, of the time and place of the hearing in the court;
- 2) requests information and documents, provided for in paragraph 2 of Article 18 and Article 19 of this Law from the debtor;
- 3) schedules the hearing of the case on the merits.

Footnote. Article 31 is in the wording of the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; as amended by the Law of the Republic of Kazakhstan dated 11 July 2001 No 239; dated 9 August, 2002 No 346; dated 10 January, 2006 No 115 (shall be enforced from the day of its official publication); dated 05.07.2008 No 60 -IV (the order of enforcement, See Article 2).

Articles 32 - 33 (Is excluded by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256)

Article 34. Court proceedings

1. At the completion of the preliminary preparation of the case, but not later than one month after its initiation, the bankruptcy case must be set for trial, and the court renders a decision on it.

A bankruptcy case must be considered in the court within the timeframes, not exceeding two months from the date of initiation of the bankruptcy proceedings.

2. At the completion of the preliminary preparation of the case, but not later than fifteen days after its initiation, the rehabilitation case shall be set for the trial, and the court renders a decision on it.

The rehabilitation case must be considered in the court within the timeframes, not exceeding one month from the date of its initiation.

Footnote. Article 34 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 35. Court decisions on bankruptcy or rehabilitation cases

1. Having considered the bankruptcy or rehabilitation cases, the court may take one of the following judicial acts:

1) a decision to recognize the debtor bankrupt and initiate the bankruptcy proceedings ;

2) a decision on rejection to recognize the debtor bankrupt;

3) a decision on initiation of the rehabilitation procedure;

4) a decision on rejection to initiate the rehabilitation procedure;

5) a decision on termination of the proceedings.

2. Judgments and decisions of the court, provided in paragraph 1 of this Article shall meet the requirements of the civil procedural legislation of the Republic of Kazakhstan, with the specifications, provided for in this Law.

Footnote. Article 35 as revised in the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 36. A decision on recognizing the debtor bankrupt

1. The court's decision on recognizing the debtor bankrupt and initiation of bankruptcy proceedings is taken by the court in the following cases:

1) the debtor's inability to prove its solvency in the court proceedings within a period not later than two months from the commencement of the case;

2) if the debtor's response contains recognition of his insolvency not later than thirty days from the date of initiation of proceedings with attachment of the documents confirming his insolvency ;

3) submission of an application on recognizing the debtor bankrupt not later than ten days after the initiation of the case with attachment of the documents, confirming his insolvency ;

4) -6) **are excluded by the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication .)**

2. The court's decision on recognizing the debtor bankrupt shall contain the following instructions :

1) on liquidation of the debtor;

2) on appointment of the bankruptcy trustee by the authorized body;

3) on the amount of the stated claims of the creditors that have applied to the court before the court's decision ;

4) on submission of constituent documents, financial and legal documents for his property by the officials of the debtor, and the seal of the debtor to the bankruptcy trustee not later than three working days from the date of his appointment.

2-1. The bankruptcy trustee is appointed by the authorized body within five working days from the date of the entry into force of the court's decision on recognizing the debtor bankrupt.

3. The announcement on recognizing the debtor bankrupt and initiation of

bankruptcy proceedings is published in periodicals by the bankruptcy trustee, circulating throughout the territory of the Republic of Kazakhstan and the respective administrative-territorial unit at the location of the debtor, entitled to publish officially the regulations in the Kazakh and Russian languages no later than ten working days from the date of his appointment.

The publication on recognizing the debtor bankrupt must contain:

1) the name of the court which made the decision on recognizing the debtor bankrupt;

2) the name and address of the bankrupt;

2-1) repealed by the Law of the Republic of Kazakhstan dated 12.01.2012 No 538-IV (shall be enforced from 01.01.2013);

2-2) the information, identifying the bankrupt debtor (identification number, the state registration of an individual entrepreneur, the state registration of a legal entity);

3) an address to the creditors on the need to submit their existing claims against the debtor within two months from the date of publication.

Footnote. Article 36 as revised in the Law of the Republic of Kazakhstan dated 01.07.1998 No 256; dated 18 December, 2000 No 128; dated 2 March, 2001 No 162; as amended by the Laws of the Republic of Kazakhstan dated 11.07.2001 No 239; dated 10.01.2006 No 115 (shall be enforced from the day of its official publication); dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2); dated 11.01.2011 No 385-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.01.2012 No 538-IV (the order of enforcement See Art. 2); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 27.04.2012 No 15-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 37. The court's decision on rejection to recognize the debtor bankrupt

1. If the court recognizes the debtor's objections against the claims of creditors reasonable, the court makes a decision on rejection to recognize the debtor bankrupt.

2. The court's decision on rejection to recognize the debtor bankrupt does not deprive the creditors of the right to submit their claims against the debtor in the order, prescribed by the procedural legislation of the Republic of Kazakhstan.

Footnote. Article 37, as amended by the Law of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 37-1. A decision on a rehabilitation case

1. The court's decision on initiation of the rehabilitation procedure is rendered by the court if the debtor proved his insolvency during the trial proceedings or the threat of insolvency, when the debtor will be unable to meet financial obligations as they fall due in the next twelve months.

2. The court's decision on initiation of the rehabilitation procedure against the

debtor shall contain the following instructions:

- 1) on appliance of a rehabilitation procedure;
- 2) the debtor is to publish an announcement on appliance of the rehabilitation procedure and on the procedure for submitting the creditors' claims within ten working days from the date of the entry into force of the decision on initiation of rehabilitation procedure, in the periodicals that are circulating throughout the Republic of Kazakhstan and the respective administrative-territorial unit at the location of the debtor that are duly authorized to publish officially the regulations in the Kazakh and Russian languages;
- 3) the debtor is to form a register of creditors' claims within the timeframes not exceeding three months from the date of initiation of the rehabilitation procedure, and its submission to the authorized body for approval;
- 4) the debtor is to submit the debtor's rehabilitation plan, approved by the creditors' meeting not later than four months from the date of appliance of the rehabilitation procedure;
- 5) on occurrence of the implications of the rehabilitation procedure, provided for in this Law.

3. An announcement on initiation of the rehabilitation procedure should contain:

- 1) the name of the court which made the decision to initiate the rehabilitation procedure;
- 2) the name and the address of the debtor;
- 3) an appeal to the creditors on the need to submit their existing claims against the debtor within two months from the date of publication.

4. The court rejects to initiate the rehabilitation procedure, if the debtor has not proved its insolvency at the trial proceedings or inability to fulfill its financial obligations, the period of execution of which comes in the next twelve months.

The court's decision to refuse to initiate the rehabilitation procedure must contain the statement that the creditor has the right to demand from the debtor to reimburse the damages, caused after submission of the application on initiation of the rehabilitation procedure.

Footnote. Chapter 3 is supplemented by Article 37-1 in accordance with the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 38. The court's decision on false bankruptcy

1. If there is evidence of a false bankruptcy, the court makes a decision on rejection to recognize the debtor bankrupt with recovery of legal costs from the guilty officials.

2. The court's decision shall contain a reference to the right of the creditors to demand compensation for losses from the debtor, caused by the false bankruptcy (paragraph 2 of Article 5 of this Law).

Article 39. A decision on termination of proceedings

1. The court terminates the bankruptcy proceedings on the grounds, provided by the civil procedural legislation of the Republic of Kazakhstan, as well as in the case of withdrawal of the application for recognizing the debtor bankrupt (paragraph 5 of Article 15 of this Law).

2. The court shall terminate the rehabilitation proceedings on the grounds, provided by the civil procedural legislation of the Republic of Kazakhstan, as well as in the following cases:

- 1) withdrawal of the application on initiation of a rehabilitation procedure;
- 2) revelation of the facts of providing false information, contained in the documents, attached to the application for initiation of the rehabilitation procedure.

Footnote. Article 39 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 40. Distribution of administrative costs

1. When making the decision on recognizing the debtor bankrupt, initiation of a rehabilitation procedure, the administrative costs are charged to the debtor's property and shall be reimbursed at the expense of the property as priority. In the same procedure, the judicial and administrative expenses shall be reimbursed when rendering a decision on termination of the proceedings in relation to the achieved goals of the rehabilitation procedure.

2. In case of refusal to recognize the debtor bankrupt due to the adjudication of the debtor's objections against the claims of creditors as reasonable, the expenses, specified in paragraph 1 of this Article shall be covered by the creditors, that have applied to the court, and distributed among them proportionally to their claims.

Footnote. Article 40, as amended by the Laws of the Republic of Kazakhstan dated 01.07.1998 No 256; dated 10.01.2006 No 115 (shall be enforced from the day of its official publication); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 41. The court's decision entry in force. Reconsideration of the decision

Entry of the court's decision into force and its reconsideration on appeal and supervisory procedures are performed in accordance with the rules of civil legal proceedings.

Footnote. Article 41 as amended by the Law of the Republic of Kazakhstan dated 10 January, 2006 No 115 (shall be enforced from the day of its official publication.)

Chapter 3-1. External surveillance

Footnote. The Law is supplemented by Chapter 3-1 by the Law of the Republic of Kazakhstan dated 10 January, 2006 No 115 (shall be enforced from the day of its official publication.)

Article 41-1. External surveillance

1. At the request of the creditor or the authorized body, the court shall render a decision on initiation of the external surveillance proceedings.

The external surveillance procedure in respect of the debtor may be introduced for a period of three months to one year if:

- 1) the creditor for taxes and other obligatory payments to the budget or at least three creditors, including the applicant, expressed their consent to initiate the external surveillance procedure;
- 2) the debtor's insolvency.

At that, at the request of the applicant, the presence of the creditors is established by the court through reclamation of information from the debtor about his creditors and the amount of their property claims.

The court's decision on introduction of the external surveillance contains the instruction to the authorized body to appoint an administrator of the external surveillance within five working days.

The procedure for appointment of the administrator of external surveillance is established by the authorized body.

2. An individual entrepreneur, registered in the authorized body may perform the functions of the administrator of external surveillance.

The administrator of external surveillance is required to exercise its powers at the location of the debtor.

The persons, referred to in paragraph 11 of Article 9 of this Law, may not be the administrators of external surveillance.

The powers, vested by this Law on the administrator of external surveillance, cannot be delegated to other persons.

3. The administrator of external surveillance must be suspended by the authorized body in the following cases:

- 1) upon the inspection results, revelation of violations of the requirements, established by this Law, that caused damage to the interests of the debtor or the creditor;

- 2) inability to fulfill their duties because of: death, temporary incapacity for more than one month; adjudication of incapability or partial capability, missing or declared dead, the entry into force of a judgment of conviction against him;

- 3) revelation of the fact of providing false information when registering;

- 4) failure to conclude an agreement with the creditors' committee within thirty calendar days after his appointment or termination of the agreement, concluded with

the creditors' committee.

The repeated suspension of the administrator of external surveillance within one year from conducting the external surveillance procedure on the grounds, specified in subparagraph 1) of this paragraph, and (or) suspension for one of the grounds, specified in subparagraphs 2) and 3) of this paragraph, entail his suspension from performing the powers, provided for by this Law for all the debtors.

4. The external surveillance administrator is dismissed from the external surveillance procedure with the consent of the creditors' committee when submitting a letter of resignation.

The application shall be attached with the report on its activities, coordinated with the creditors' committee, and the consent of the creditor committee.

In case of the suspension or dismissal of the external supervision administrator from the vested powers, the newly appointed administrator of external surveillance is the assignee of the previous one.

5. When initiating the external surveillance, the following consequences occur:

- 1) any claims of the creditors against the debtor can be submitted only within the external supervision procedure, provided for in this Law;
- 2) the officials of the debtor are prohibited to alienate the shares, belonging to them, and the interest in property of the debtor;
- 3) foreclosure of the mortgaged property of the debtor, including in out-of-court procedure is prohibited.

6. When applying to the court on initiation of the external surveillance, the creditor submits a notification to the appropriate tax body.

Footnote. Article 41-1 is in the wording of the Law of the Republic of Kazakhstan dated 15.07.2011 No 461-IV (shall be enforced from 30.01.2012); as amended by the Law of the Republic of Kazakhstan dated 27.04.2012 No 15-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 41-2. Formation of the creditors' committee in external surveillance procedure

Footnote. The title of Article 41-2 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

1. In order to ensure the interests of creditors in the external surveillance procedure, the creditors' committee is established, the structure of which is formed in accordance with the requirements of this Article by the administrator of external surveillance and is approved by the authorized body.

2. The creditors' committee may include the creditors for civil liabilities that have the greatest claims against the debtor, and the creditors' representatives for wages and taxes and other obligatory payments to the budget.

3. The creditors, upon the application of whom the external surveillance procedure was initiated, are included in the creditors' committee, regardless of the amount of the c l a i m s .

4. Is excluded by the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication .)

Footnote. Article 41-2 as amended by the Laws of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 41-3. The powers of the creditors' committee

The powers of the creditors' committee include:

1) coordination and monitoring of the actions of the administrator of external s u r v e i l l a n c e ;

2) coordination of actions of the administrator of external surveillance in relation to the debtor's transactions on alienation of the fixed assets, the transfer of property as a pledge or lease, as well as other transactions at the prices, which are significantly lower than the market ones, or without the good reason, the performance of which will result in losses for the debtor, the reorganization;

3) conclusion of an agreement by the external surveillance administrator, which is coordinated with the authorized body, on the measures aimed at saving the debtor's assets, the revelation and analysis of his transactions and actions, committed prior to the external surveillance procedure, which resulted in the debtor's insolvency, reconciliation on the property inventory acts and on other measures, established by this L a w ;

4) an appeal of actions of the external surveillance administrator in the authorized b o d y ;

5) a petition to the court to extend or terminate the external surveillance procedure.

Article 41-4. The powers of the external surveillance administrator

1. The external surveillance administrator has the following rights:

1) to submit petitions to the court on taking additional measures to ensure safety of the debtor's property, and to abolish such measures;

2) to reconcile the debtor's property by the inventory acts;

3) to reclaim from the debtor the full list of his creditors and debtors with the amount of debt, a detailed balance sheet, financial statement of the debtor and any o t h e r n e c e s s a r y i n f o r m a t i o n ;

4) to apply to the court for submission and (or) reclamation from the third parties of the necessary documents, findings, submission of any other information by them, relating to the financial and economic activity of the debtor for the previous three years

, as well as to study this information in their location, unless otherwise provided by the legislation of the Republic of Kazakhstan;

5) to reveal transactions made over the previous three years before initiation of the external surveillance procedure, which worsened the financial condition of the debtor, to require the debtor to cancel them on the ground and in the order, established by the civil legislation of the Republic of Kazakhstan;

6) to require the debtor to perform its duties, provided by Article 41-7 of this Law;

7) to receive compensation in the order and amounts, provided in this Law.

2. The external surveillance administrator must:

1) coordinate its actions against the debtor with the creditors' committee;

2) take measures to save the debtor's property and protect it;

3) reveal the signs of deliberate and false bankruptcy and report about the revealed signs to the Law enforcement bodies or require the debtor to invalidate transactions on disposal of property, which have worsened the financial condition of the debtor;

4) establish creditors and borrowers of the debtor, to require the debtor to take measures to collect the accounts receivable;

4-1) at the request of the authorized body to provide him with the necessary information on the external surveillance procedure;

5) upon completion of the external surveillance procedure, to submit to the court a report on its activity, coordinated with the creditors' committee and the authorized body, containing a conclusion on possibility to restore solvency of the debtor and initiation of a rehabilitation procedure in respect of him or to recognize the debtor bankrupt.

Footnote. Article 41-4 as amended by the Law of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 41-5. Responsibility of the external surveillance administrator

The administrator of external surveillance bears responsibility in accordance with the Laws of the Republic of Kazakhstan.

Article 41-6. Costs of external surveillance

The amounts of administrative expenses and current payments to the external surveillance administrator are defined by the agreement, concluded between the creditors and the administrator of external surveillance.

The administrative costs and the current payments to the administrator of external surveillance are paid from the debtor's assets once a month in the amount not exceeding fifty monthly calculation indexes, established by the Law on the national budget for the appropriate financial year.

Footnote. Article 41-6 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 41-7. Obligations of the debtor

The debtor is required to:

1) within ten working days from the date of the entry into force of the decision on introduction of external surveillance, to publish an announcement on introduction of external surveillance in the periodicals, circulating throughout the Republic of Kazakhstan and the respective administrative-territorial unit at the location of the debtor, which are entitled to publish officially the regulatory legal acts in the Kazakh and Russian languages;

2) at the request of the administrator of external surveillance:
to provide information about financial, economic and organizational activities, relating to transactions, concluded prior to the introduction of external surveillance, about the disposal of the fixed assets, the transfer of property as a pledge or lease, as well as other transactions worth ten or more percent of the total value of the debtor's assets;

to take measures to terminate the transactions on assignment of property, which have worsened the financial condition of the debtor;

3) to coordinate the cost increases, changes in shareholders' equity in accordance with the accounting standards, reorganization, transactions on assignment of the fixed assets, the transfer of property as a pledge or rent, as well as the transactions on acquisition or disposal of property worth ten or more percent of the overall amount of the cost - the debtor's assets, with the external surveillance administrator.

Footnote. Article 41-7, as amended by the Laws of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2); dated 27.04.2012 No 15-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 41-8. Termination of external surveillance

External surveillance is terminated by the court when approving the final report of the administrator of external surveillance in the following cases:

- 1) the expiration of time-limit of the external surveillance;
- 2) achievement of the goals of the external surveillance.

The external surveillance procedure may be terminated by the court at the request of the creditors' committee.

Footnote. Article 41-8, as amended by the Law of the Republic of Kazakhstan dated 27.04.2012 No 15-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Chapter 4. A rehabilitation procedure

Article 42. Initiation of a rehabilitation procedure

A rehabilitation procedure is applied only to commercial organizations in a judicial proceeding .

Footnote. Article 42 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 43. Participants of a rehabilitation procedure

The participants of the rehabilitation procedure are the court, the creditors, the debtor, the owner of the property of the debtor (the authorized body), the founders (participants), a rehabilitation trustee, the authorized body and other interested parties.

Footnote. Article 43 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 43-1. The powers of the court in a rehabilitation procedure

In a rehabilitation procedure the court:

- 1) applies, suspends and terminates the rehabilitation procedure;
- 2) approves the rehabilitation plan;
- 3) approves amendments and additions to the rehabilitation plan;
- 4) initiates proceedings on property disputes, in which the debtor is a defendant;
- 5) based on the decision of the creditors' meeting, retains the right to manage the property and affairs of the debtor to the owner of the property of the debtor (his authorized body), the founders (participants) or instructs the authorized body to appoint a rehabilitation trustee;
- 6) resolves all disputes between the parties of the rehabilitation procedure.

Footnote. Chapter 4 is supplemented by Article 43-1, in accordance with the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 43-2. Consequences of a rehabilitation procedure

1. After rendering the court's decision on initiation of the rehabilitation procedure, the following consequences occur:

- 1) it is prohibited to make transactions with the assets outside the ordinary course of business;
- 2) accrual of penalties (fines, penalties) is terminated on all types of debts of the debtor, as well as the interest on the loans received;
- 3) execution of decisions of the courts, arbitration courts, tax authorities, as well as the owners of the debtor's property (the authorized bodies), the founders (participants) in respect of its property is suspended, except for the payments to citizens, to whom the debtor is liable for damage caused to life or health excluding the claims for moral damages, the payment date of which came after initiation of the rehabilitation procedure;

4) taxes and other obligatory payments to the budget shall be paid, calculated by the tax payer in accordance with the tax reporting, assessed by the tax authority upon the results of tax audits for the tax period, following the tax period in which the rehabilitation procedure was applied to.

2. After the approval of the rehabilitation plan:

1) the transactions with the assets outside the ordinary course of business are performed with the consent of the creditors' meeting, except for those, provided by the rehabilitation plan ;

2) in case of failure to fulfill the repayment schedule of accounts payable, in accordance with the rehabilitation plan, starting from the day following the date or period of repayment of the debt, specified in the rehabilitation plan, the restrictions, imposed by sub-paragraph 4) of paragraph 1 of Article 28 of this Law, as well as the sub-paragraphs 2) and 3) of paragraph 1 of this Article, are removed.

Footnote. Chapter 4 is supplemented by Article 43-2 in accordance with the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 44. A rehabilitation plan and the order of its approval

1. The rehabilitation plan should include specific measures for restoration of the debtor's solvency (rehabilitation measures) and a debt repayment schedule to the creditors, referred to in paragraph 2 of Article 47 of this Law.

Amendments and additions to the rehabilitation plan of organizations, which are the subjects of natural monopolies or market entities with a dominant (monopolistic) position in the market or which are of great strategic importance to the economy of the country, able to influence the life and health of citizens, national security or the environment, must be coordinated with the relevant central executive body, the relevant territorial body of the National Security Committee of the Republic of Kazakhstan, and for the town-forming enterprise - with a corresponding oblast governor (the town of republican significance, the capital).

Amendments and additions to the rehabilitation plan shall be made with the consent of the creditors' meeting and approved by the court.

2. The rehabilitation plan shall be developed by the debtor together with the creditors within three months from the date of entry into force of the decision on initiation of the rehabilitation procedure.

3. The term of implementing the rehabilitation plan shall not exceed five years.

4. The rehabilitation measures can include any organizational and economic, technical, financial, economic, legal and other actions, not contradicting to the legislation of the Republic of Kazakhstan, aimed at restoration of the debtor's solvency , including a reorganization, sale of property (assets) through the bids, the assignment of claims of the debtor, forgiveness of debts, writing-off of debt interest and penalties,

exchange of debt for shares, conclusion of a settlement agreement and others.

5. If the rehabilitation plan includes receiving a loan (micro-credit) as a source of funds, the rehabilitation plan is attached with the agreement for receiving a loan (m i c r o - c r e d i t) .

6. The rehabilitation plan must be submitted for approval to the creditors' meeting after the approval of the register of the creditors' claims.

7. The rehabilitation plan of organizations, which are the subjects of natural monopoly or market entities with dominant (monopolistic) position in the market or which are of great strategic importance to the economy of the country, able to affect the life, health of citizens, national security or the environment, must be coordinated with the relevant central executive body, the relevant territorial authority of the National Security Committee of the Republic of Kazakhstan, and for the town-forming enterprise - with a relevant oblast governor (the town of republican significance, the c a p i t a l) .

The submitted rehabilitation plan shall be considered within ten working days.

8. The debtor must submit to the court the rehabilitation plan after its approval by the creditors' meeting not later than the time limit, specified in subparagraph 4) of paragraph 2 of Article 37-1 of this Law.

9. The rehabilitation plan, coordinated with the creditors' meeting, is approved by the court's decision within seven working days after the date of its submission.

10. The court may refuse to approve the rehabilitation plan in the cases of revealing violations of the requirements, established by this Law.

11. The court's decision on approval of the rehabilitation plan shall contain the following instructions:

- 1) on approval of the rehabilitation plan;
- 2) on the time limits of completing the rehabilitation procedure and submission of the final report;
- 3) on appointment of a rehabilitation trustee by the authorized body or retention of the right to manage to the owner of the debtor's property, the participants (the shareholders) .

Footnote. Article 44 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 45. The ground for initiation of a rehabilitation procedure

Footnote. Article 45 is excluded by the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 45-1. Opening of a register of creditors' claims

1. Within ten working days from the date of entry into force of the decision on initiation of the rehabilitation procedure, the debtor shall publish an announcement on initiation of the rehabilitation procedure against the debtor and the order of submission of the creditors' claims, in the periodicals, circulating throughout the Republic of Kazakhstan and the respective administrative-territorial unit at the location of the debtor, which are entitled to publish officially the regulatory legal acts in the Kazakh and Russian languages.

If the debtor has an Internet resource, publishing of the announcement in this online resource on initiation of the rehabilitation procedure against the debtor and the order of submission of the creditors' claims is mandatory.

2. An application and consideration of the creditors' claims against the debtor shall be performed in the order, established by Articles 71-72 of this Law.

3. The debtor is obliged to transfer the register of the creditors' claims and the results of their consideration for approval to the authorized body, not later than three months from the date of entry into force of the court's decision on initiation of the rehabilitation procedure.

4. The register of the creditors' claims, submitted by the debtor, is approved by the authorized body no later than five working days from the date of its submission.

5. The register of creditors' claims, drawn up in violation of the requirements of Articles 71-72 of this Law, is returned by the authorized body for revision, indicating the reasons of return no later than five working days from the date of its submission, which shall be removed within five working days.

Footnote. Chapter 4 is supplemented by Article 45-1 in accordance with the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 46. Consequences of a rehabilitation procedure

Footnote. Article 46 is excluded by the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 46-1. Creditors' meeting

1. In order to ensure the interests of all creditors, a meeting of creditors is convened

2. The creditors (or their representatives), included in the register of the creditors' claims, the owner of the property of the debtor (its authorized body), the founders (participants), the authorized body have the right to participate in the meeting of creditors.

3. Organization, holding and decision making are performed by the creditors' meeting in the order, prescribed by paragraphs 6-11 of Article 14-3 of this Law.

4. The minute of the creditors' meeting is drawn up in duplicate, one of which is

submitted to the court that has rendered the decision on initiation of the rehabilitation procedure, the second – to the creditors' committee.

The minute of the creditors' meeting must be attached with the copies of:

- 1) the register of the creditors' claims as of the date of the creditors' meeting;
- 2) the documents, confirming the powers of the representatives of the meeting participants;
- 3) the materials, provided by the meeting participants for review and (or) approval;
- 4) the documents, certifying the proper notification of the creditors on the date and place of the meeting of creditors;
- 5) other documents at the discretion of the debtor.

5. The exclusive competence of the creditors' meeting includes:

- 1) making the decision to retain or cancel the right to manage property and affairs of the debtor since the approval of the rehabilitation plan to the owner of the property of the debtor (the authorized body), the founders (the participants);

- 2) defining the number, formation and approval of the composition of the creditors' committee;

- 3) changing the composition of the committee of creditors;

- 4) approving the rehabilitation plan;

- 5) approving the amendments and additions to the rehabilitation plan;

- 6) coordination of extending the rehabilitation procedure;
- 7) defining the order and time limits for informing the creditors on implementation of the rehabilitation procedure by the members of the creditors' committee;

- 8) assignment of other transactions to the category of transactions, committed outside the ordinary course of business;

- 9) coordination of transactions outside the ordinary course of business, which are not provided by the rehabilitation plan;

- 10) approval of the accounts receivable of the debtor, which are non-recoverable;

- 11) selection of candidates for a rehabilitation trustee;

- 12) defining of the amount of remuneration for a rehabilitation trustee and the order of its payment;

- 13) defining the amount of remuneration of the members of the management bodies of the debtor in the cases when the right to manage the property and affairs of the debtor is retained to the owner of the property of the debtor (the authorized body), the founders (the participants);

- 14) approval of the final report of the rehabilitation trustee (the debtor);

- 15) any other powers, provided by this Law.

6. Absentee voting is not allowed in making decisions on the issues, which are within the competence of the creditors' meeting, provided for in subparagraphs 1), 4), 5), 6) and 11) of paragraph 5 of this Article.

Footnote. Chapter 4 is supplemented by Article 46-1 in accordance with the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 47. Settlements with creditors

1. Since the initiation of a rehabilitation procedure:

1) the claims for alimony payment, withheld from wages and (or) other income, as well as the claims of citizens to whom the debtor is liable for causing damage to life or health, are satisfied, except for the claims for reimbursement of moral damages;

2) calculations on compensation payment and salaries are made with the persons, working under an employment contract, on payment of social security contributions to the National Social Security Fund and on payment of royalties under the copyright agreements, the time limit for payment of which has come after initiation of the rehabilitation procedure;

3) the claims of creditors, arising from obligations, are satisfied, including from the transactions, concluded by a rehabilitation trustee (the debtor), the period of performance of which has come during the rehabilitation procedure.

2. All other settlements to the creditors, including the arrears, penalties for which are made under an execution writ or in uncontested (acceptance-free) procedure, are performed after approval of the register of creditors' claims in accordance with the rehabilitation plan and in compliance with the order and rules of calculation, established by Articles 75 and 76 this Law.

The register of creditors' claims, as well as the rehabilitation plan shall be amended accordingly if there are obligations to pay taxes and other obligatory payments to the budget, calculated by the tax payer in accordance with the tax reporting, assessed by the tax authority after the tax audit, for the tax period and the tax period in which the rehabilitation procedure was initiated.

3. Application and consideration of the claims of creditors against the debtor shall be performed in the order, established by Articles 71-72 of this Law.

Approval of the register of the creditors' claims is performed in the order, established by Article 45 of this Law.

4. The creditors' claims, arising prior to the rehabilitation procedure, are satisfied after approval of the register of the creditors' claims, except for the cases, provided for in subparagraph 1) of paragraph 1 of this Article.

5. A secured creditor has the right to apply to the court to foreclose the debtor's property that is the subject of enforcement obligations to him, in the following cases:

1) revelation of violations of this Law, threatening his legitimate interests;

2) the repayment schedule delay;

3) decrease of the value of the assets pledged, entailing infringement of his interests

;

4) if the property, that is the subject of guaranteeing the obligations' fulfillment to him, is not required for further functioning of the debtor-enterprise or for implementation of the rehabilitation plan.

Footnote. Article 47 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 48. A rehabilitation manager

In the cases, established by this Law, a rehabilitation manager shall be appointed by the authorized body within five working days after the entry into force of the court's decision on approval of a rehabilitation plan.

Footnote. Article 48 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 49. Remuneration of a rehabilitation manager

1. Remuneration is paid to the rehabilitation manager at the expense of the debtor's property and is referred to the administrative costs. The amount of the main remuneration and the order of its payment are defined by the meeting of creditors in accordance with the requirements of this Article.

2. Remuneration of the rehabilitation manager includes:

- 1) current payments for the entire period of performance of their duties, the monthly amount of which shall not exceed fifty monthly calculation indexes;
- 2) additional payments that may be paid to the rehabilitation manager by the creditors provided that the goal of the rehabilitation procedure has been reached.

The amount of the additional remuneration may be:
up to two percent of the funds, allocated for repayment of the creditors' claims of the first and second lines;
up to five percent of the funds, allocated for repayment of the creditors' claims of the third and fifth lines.

The consent of the creditor to pay the additional remuneration with indication of its amount is given by the creditor in a written form at least in two copies, one of which is submitted by the rehabilitation manager to the authorized body within five working days from the date of making such decision by the creditor.

3. In the cases where the right to manage the property and affairs of the debtor retained to the owner of the property of the debtor (the authorized body), the founders (the participants), the powers of the rehabilitation manager are vested on the head of the debtor, the restriction of the maximum amount of current payments, specified by subparagraph 1) of paragraph 2 of this Article is not applied to the head the debtor, and the additional payments, provided for in subparagraph 2) of paragraph 2 of this Article shall not be made.

Footnote. Article 49 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 50. Time frames of a rehabilitation procedure

The time frames of the rehabilitation procedure are established by the court in accordance with the rehabilitation plan. At the request of a rehabilitation manager with the consent of the creditors' meeting, the court may extend the time frames but for not more than six months.

For the organizations that are the subjects of natural monopolies or market entities with dominant (monopolistic) position in the market or are of great strategic importance to the economy of the country, able to affect the life and health of citizens, national security or the environment, the court may extend the time frames of the rehabilitation procedure up to two years.

In case if an organization receives a status of the participant of the state support measures, at the request of the rehabilitation manager with the consent of the creditors' committee, the court may suspend the rehabilitation procedure.

Footnote. Article 50 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 50-1. Suspension and resumption of a rehabilitation procedure for a participant of the state support measures

1. An application on suspension of the rehabilitation procedure should be considered by the court no later than ten working days from the date of its receipt.

The reason for suspension of the rehabilitation procedure is the receiving of the status of the participant of the state support measures by the debtor and a decision of the creditors' committee.

2. After rendering the court's decision on suspension of the rehabilitation procedure the following consequences occur:

1) a rehabilitation manager is dismissed from managing the property and affairs of the debtor, and the management functions go to the owner of the property of the debtor (its authorized body), the founders (the participants);

2) subparagraph 1) of paragraph 1 of Article 43-2 of this Law is suspended;

3) execution of the rehabilitation plan of the organization is suspended;

4) repayment of creditors' claims is made in accordance with the rehabilitation plan, adopted in the frames of the government support measures.

3. The creditors' committee may decide to apply to the court for resumption of the rehabilitation procedure. A person, authorized by the creditors' committee is entitled to submit such an application.

From the date of entry into force of the court's decision on resumption of the

rehabilitation procedure, paragraph 2 of this Article is terminated.

Footnote. Chapter 4 is supplemented by Article 50-1 in accordance with the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 51. Powers of a rehabilitation manager

1. A rehabilitation manager:
 - 1) manages the property of the debtor and disposes it within the limits, established by this Law;
 - 2) has the respective rights to the property of the debtor and performs the duties, established by the legislation of the Republic of Kazakhstan for all of its bodies;
 - 3) within ten working days from the date of his appointment by the authorized body, he publishes information on initiation of the rehabilitation procedure against the debtor and the order of submission of the creditors' claims, in the periodicals, circulating throughout the Republic of Kazakhstan and the respective administrative-territorial unit at the location of the debtor, which are entitled to publish officially the regulatory legal acts in the Kazakh and Russian languages;
 - 4) organizes implementation of the rehabilitation plan;
 - 5) submits a petition to the court for making amendments and additions to the rehabilitation plan, coordinated with the meeting of creditors;
 - 6) maintains a register of creditors' claims;
 - 7) notifies all the members of the creditors' committee of the place and the date of the first meeting of the committee, which is held within the time frames, prescribed by paragraph 1 of Article 12 of this Law;
 - 8) notifies the members of the creditors' committee in the order and in the timeframes, prescribed by paragraph 2 of Article 14 of this Law;
 - 9) performs functions, specified in paragraph 7 of Article 14-3 of this Law, submits the materials to the participants of the creditors' meeting, that elected an absentia voting, in the order and time limits, prescribed by paragraph 8 of Article 14-3 of this Law;
 - 10) requests and receives information about the debtor from organizations, state bodies and their officials;
 - 11) is entitled to participate in the relations, governed by the bankruptcy Law, with the use of the information system;
 - 12) applies to the court to suspend the rehabilitation process;
 - 13) performs other functions, provided for in this Law.
2. According to the decision of the creditors' meeting, the rehabilitation manager:
 - 1) enters into transactions outside the ordinary course of business;
 - 2) makes decisions, leading to growth of the debtor's expenditures on consumption, including for the salaries of the debtor's employees;

3) applies to the court to terminate the rehabilitation procedure;
4) applies to the court to terminate the rehabilitation procedure and recognize the debtor bankrupt in the cases, established by this Law.

The rules, established by subparagraphs 1) and 2) of this paragraph shall not apply to the transactions for disposition of the property of the debtor, established by the rehabilitation plan.

3. Not later than the 15th of each month, the rehabilitation manager shall inform the creditors' committee about the financial condition, the transactions made in the ordinary course of business for the previous month, submit any information at the request of the creditors' committee.

The rehabilitation manager shall provide full information on his activities to any creditor of the debtor at the written request.

4. If the total amount of the monetary obligations of the debtor that arose after the initiation of the rehabilitation procedure exceeds twenty percent of the total amount payable at the time of initiation of the rehabilitation procedure, the transactions, giving rise to new monetary obligations of the debtor, may be performed by the rehabilitation manager only with the consent of the creditors' committee.

5. The rehabilitation manager reveals the transactions, made by the debtor in the circumstances, specified in Article 6 of this Law, and imposes requirements for recognizing them invalid or returning the property in a judicial proceeding.

Footnote. Article 51 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 52. Responsibility of a rehabilitation manager

The rehabilitation manager is responsible for the improper implementation of the rehabilitation procedure in accordance with the Laws of the Republic of Kazakhstan.

Footnote. Article 52 as amended by the Laws of the Republic of Kazakhstan dated 1 July, 1998 No 256; dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 53. Termination of a rehabilitation procedure

1. Upon the decision of the creditors' meeting, the rehabilitation manager applies to the court for termination of the rehabilitation procedure against the debtor in the following cases:

1) if the purpose of the rehabilitation procedure against the debtor has been reached;

2) if he made sure that the achievement of the goal is impossible.

The application of the rehabilitation manager is attached with the final report of the rehabilitation manager.

Participant of the state support measures may submit an application on termination

of a rehabilitation procedure in case of execution of the rehabilitation plan, approved in the frames of the state support measures.

2. The owner of property of the debtor (the authorized body), that believes that the rehabilitation plan of the debtor or actions (inaction) of the rehabilitation manager cause damage to his interests, may apply to the court to terminate the rehabilitation procedure .

3. The creditor, whose amount of claims is not less than ten percent of the total amount of claims, included in the register of the creditors 'claims in the event of improper notification of holding the creditors' meeting, has the right to apply to the court to terminate the rehabilitation procedure.

4. Creditor (creditors) may (can) apply to the court for termination of the rehabilitation procedure :

1) if there are grounds, confirming that the actions (inaction) of the debtor on making the register of the creditors' claims, the rehabilitation plan cause damage to his property interests ;

2) failure to perform the debt repayment schedule for more than three months;

3) when revealing the cases of providing false information, contained in the documents, attached to the application for initiation of a rehabilitation procedure;

4) if there are grounds confirming that implementation of the rehabilitation plan of the debtor or actions (inaction) of the rehabilitation manager cause damage to his property interests .

5. When applying to the court for termination of the rehabilitation procedure on the grounds specified in subparagraph 2) of paragraph 1, paragraphs 2, 3 and 4 of this Article, the person, filing the application, shall specify the requirement on recognizing the debtor bankrupt .

In case of failure to comply with this paragraph, the court leaves the application for termination of the rehabilitation procedure without consideration.

6. In case of refusal of the creditors' meeting to coordinate the rehabilitation plan or failure to provide the rehabilitation plan by the debtor within the timeframes, specified in subparagraph 4) of paragraph 2 of Article 37-1 of this Law, the court terminates the rehabilitation procedure.

Footnote. Article 53 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 54. Consequences of termination of a rehabilitation procedure

In case of terminating the rehabilitation procedure on the grounds specified in subparagraph 2) of paragraph 1, paragraphs 2, 3 and 4 of Article 53 of this Law, and initiation of the bankruptcy proceedings:

1) the consequences, provided by Article 43-2 of this Law remain;

2) prior to the decision on recognizing the debtor bankrupt and appointment of a bankruptcy trustee, the right to manage the property and affairs of the debtor retains to the person, that managed the rehabilitation procedure.

Footnote. Article 54 is in the wording of the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 55. Rehabilitation

1. If the rehabilitation plan of the insolvent debtor has reorganization as a rehabilitation measure, the plan must be attached with a written obligation of the reorganization participant to transfer money to the debtor and / or creditors in accordance with the rehabilitation plan, specifying the amount and time limits.

2. A reorganization participant can make a commitment to ensure satisfaction of all the creditors' claims within the specified time limits. In this case, the rehabilitation manager appoints the participant of the reorganization or the person, introduced by him, to whom the requirements, established by paragraphs 4, 5 and 6 of Article 9 of this Law, shall not apply.

At that, the rights and obligations of the rehabilitation manager, established by this Law, are applied to the reorganization participant or the person, introduced by him.

3. The court, as well as the authorized body, may request the documents from the reorganization participant, confirming possibility to perform his obligations, provided in paragraphs 1 and 2 of this Article.

Footnote. Article 55 as amended by the Laws of the Republic of Kazakhstan dated 11.07.1997 No 154; dated 11.07.2001 No 239; dated 15.07.2011 No 461-IV (shall be enforced on 30.01.2012).

Article 56. Agreement of rehabilitation participants

If two or more persons are involved in a reorganization, that have made a commitment to satisfy the creditors' claims, they must enter into an agreement, providing for distribution of their responsibilities to the creditors, the responsibility of one or more members of the rehabilitation in case of their refusal to participate in the reorganization after its initiation, the order of participation in the management of the debtor's property.

Article 57. Liabilities of the reorganization participants

1. A reorganization participant, that assumed the obligation, provided by paragraph 2 of Article 55 of this Law, shall be vicariously liable for the debtor's outstanding obligations after its liquidation, unless he proves that the goals of reorganization have not been achieved as a result of force majeure circumstances or actions of the creditors or the debtor (the owner of the property of the debtor).

If two or more persons are participating in the reorganization, they are jointly and severally liable, unless the agreement provides otherwise.

2. Responsibility of a reorganization participant, that has not made a commitment to satisfy the creditors' claims of the insolvent debtor, is defined by the agreement, approved by the authorized body and the creditors' committee with the rehabilitation manager.

Footnote. Article 57 as amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; dated 10 January, 2006 No 115 (shall be enforced from the day of its official publication.)

Article 58. Rights of a reorganization participant

1. During termination of the bankruptcy proceedings in view of achieving the reorganization goal, the participant, that assumed the obligations, provided for in paragraph 2 of Article 55 of this Law, and that is not the owner of the property of the debtor, acquires the rights of a participant of a business partnership, a shareholder of a joint stock company in the amount of the funds, invested by him on the basis of the decision, taken by the general meeting of the partnership's members, the shareholders of joint stock company prior to the reorganization, and if the debtor is a state-owned enterprise, the reorganization participant acquires the rights of a participant of a business partnership, a shareholder of a joint stock company after preliminary reorganization of the debtor to the economic partnership, joint stock company on the basis of the decision of the state body, authorized by the owner of the property. If the debtor is a production cooperative, the reorganization participant acquires the rights of a participant of a business partnership after a preliminary reorganization of the debtor to a business partnership on the basis of the decision of the general meeting of the cooperative members.

The said decision shall be submitted to the court together with the rehabilitation plan.

The amount of the authorized capital of the established partnership may be less than the minimum amount, provided for by the legislation of the Republic of Kazakhstan, if the capital is replenished within two years up to the specified amount.

2. In the case of participation of two or more persons in the reorganization, the share in the property of the debtor is defined in proportion to the funds, used by each of them for the reorganization purpose.

Footnote. Article 58, as amended by the Laws of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 59. Assignment of claims of a debtor

1. A rehabilitation plan may provide for the assignment of claims of the debtor through selling these claims at a public auction, conducted in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 59 as amended by the Law of the Republic of Kazakhstan dated 1

July, 1998 No 256; dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Chapter 5 (Is excluded by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256)

Chapter 6. Liquidation of an insolvent debtor (bankruptcy proceedings)

Article 65. General provisions

1. The duration of the bankruptcy proceedings for a liquidation procedure is defined by the court's decision and may not exceed nine months. At the request of the bankruptcy trustee with the consent of the creditors' committee, this period may be extended by the authorized body for not more than 3 months.

The term of the bankruptcy proceedings shall be calculated from the date of enforcement of the court's decision on recognizing the debtor bankrupt.

At that, the application of the bankruptcy trustee on extension of the bankruptcy proceedings is submitted to the authorized body at least fifteen calendar days prior to the expiration of the term for the bankruptcy proceedings.

2. In case of liquidation of the debtor with a large amount of property, presence of a real possibility of debt collection, court proceedings, performance of requirements of Article 5 and 6 of this Law by the bankruptcy trustee or in the cases where the Government of the Republic of Kazakhstan establishes specific conditions and procedure for selling the bankruptcy assets, in case of bankruptcy of organizations that are the subjects of natural monopolies or market entities with dominant (monopolistic) position in the market or which are of great strategic importance to the economy of the Republic, able to affect the life and health of citizens, national security or the environment, as well as those, recognized bankrupt at the initiative of the state, at the request of the bankruptcy trustee with the consent of the creditors' committee, the time limits for the bankruptcy proceedings are extended by the authorized body, taking into account the mentioned-above circumstances, for a period of up to twelve months beyond the period, specified in paragraph 1 of this Article.

Footnote. Article 65 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2); as amended by the Law of the Republic of Kazakhstan dated 27.04.2012 No 15-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 66. Participants of bankruptcy proceedings

Participants of the bankruptcy proceedings are the court, the committee of creditors, the bankrupt, the bankruptcy trustee, the authorized body and other interested persons.

Footnote. Article 66 as amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256.

Article 67. The powers of the court in bankruptcy proceedings

In the bankruptcy proceedings the court has the following powers:

- 1) initiates and terminates the bankruptcy proceedings;
- 2) announces its decision on the recognizing the legal entity bankrupt to the justice body, involved in registration of legal entities, the authorized body, the board of private bailiffs and territorial body for enforcement proceedings at the location of the debtor;
- 3) initiates proceedings on property disputes in which the debtor is a defendant;
- 4) instructs the authorized body to appoint a bankruptcy trustee;
- 4-1) **Is excluded by the Law of the Republic of Kazakhstan dated 11.07.2001 No 2 3 9 ;**
- 5) resolves all disputes between the participants of the bankruptcy proceedings;
- 6) **Is excluded by the Law of the Republic of Kazakhstan dated 11.07.2001 No 239.**

Footnote. Article 67 as amended by the Laws of the Republic of Kazakhstan dated 11.07.1997 No 154; dated 01.07.1998 N 256; dated 18.12.2000 No 128; dated 02.03.2001 N 162; dated 11.07.2001 No 239; dated 10.01.2006 No 115 (shall be enforced from the date of its official publication); dated 02.04.2010 No 262-IV (shall be enforced from 21.10.2010).

Article 68. The consequences of initiating the bankruptcy proceedings for a bankrupt

1. Since rendering the court's decision on recognizing the debtor bankrupt and his liquidation, the following consequences occur:

- 1) the bankrupt is prohibited to alienate and transfer temporarily its property;
- 2) the time limits of all debt obligations of the bankrupt are deemed expired;
- 3) accrual of penalties and remuneration (interest) on all types of debts of the bankrupt is terminated;
- 4) the property debates, involving the bankrupt, considered in the court, are terminated if the decisions taken have not entered into force;
- 5) the property claims may be brought against the bankrupt only in the frames of the bankruptcy proceedings;
- 6) all legal restrictions for recovery of the property of the insolvent debtor are removed.

3. If there is the real estate in the bankruptcy assets, the alienation and transfer of immovable property of the bankrupt to other persons shall be registered at the immovable property rights registration bodies.

Footnote. Article 68 is amended by the Law of the Republic of Kazakhstan dated 11 July, 1997 No 154; dated 1 July 1998 No 256; dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 69. A bankruptcy trustee – liquidator

1. In order to conduct the bankruptcy proceedings, within five working days from the date of enforcement of the court's decision on recognizing the debtor bankrupt, the authorized body appoints a bankruptcy trustee.

The order of appointment and registration of the bankruptcy trustee are established by the authorized body.

2. Remuneration to the bankruptcy trustee (liquidator) includes:

1) current payments for the entire period of his functioning, the monthly amount of which shall not exceed fifty monthly calculation indexes, paid out of the bankruptcy assets prior to the settlements with creditors;

2) additional payments, made upon the results of his work and defined by the creditors' committee in the amount of not more than seven per cent of the funds, allocated for satisfaction of the creditors' claims, net of administrative expenses.

Footnote. Article 69 is in the wording of the Law of the Republic of Kazakhstan dated 01.07.1998 No 256; as amended by the Laws of the Republic of Kazakhstan dated 11.07.2001 No 239; dated 10.01.2006 No 115 (shall be enforced from the date of its official publication); dated 05.07.2008 No 60 - IV (the order of enforcement See Art . 2); dated 27.04.2012 No 15-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 70. The powers of the bankruptcy trustee – liquidator

The bankruptcy trustee:

1) within ten working days from the date of his appointment, forms the composition of the creditors' committee in accordance with the requirements of this Law and submits it for approval to the authorized body;

1-1) sends a notification, provided by paragraph 2 of Article 14 of this Law.

The first meeting of the committee is held in the time frames, prescribed by paragraph 1 of Article 12 of this Law;

1-2) within ten working days from the date of his appointment by the authorized body, publishes an announcement on recognizing the debtor bankrupt and the order of submitting claims by the creditors, in the periodicals, circulating throughout the Republic of Kazakhstan and the respective administrative-territorial unit at the location of the debtor, which are duly authorized to make official publications of the regulatory legal acts both in the Kazakh and Russian languages;

1-3) within seven working days from the date of his appointment by the authorized body, submits a copy of the court's decision on recognizing a legal entity bankrupt to the territorial body of the authority for the state statistics;

- 2) protects and controls the debtor's property;
- 3) imposes requirements to the persons, having arrears to the debtor, for the recovery of the debt in the order, prescribed by the Law;
- 4) reveals transactions, made by the debtor under the circumstances, specified in Article 6 of this Law, and imposes requirements for recognizing them invalid or for returning the property in the court proceedings;
- 5) notifies the bankrupt's employees of the upcoming termination of the employment contract in accordance with the labor legislation of the Republic of Kazakhstan;
- 5-1) performs the conditions of the agreement, including the action plan, concluded with the creditors' committee;
- 6) submits the sales plan to sell the property (assets) of the bankrupt to the creditors' committee for approval in order to repay the creditors' claims and implements it;
- 6-1) at the request of the authorized body, submits the necessary information on the bankruptcy proceedings;
- 6-2) not later than the 15th of each month, submits the full information to the creditors' committee on implementation of the bankruptcy proceedings for the previous month;
- 6-3) provides comprehensive information on implementation of its activities to any creditor of the debtor on the basis of his written request;
- 7) makes settlements with the creditors;
- 8) defines the persons, responsible for making the debtor bankrupt (the officials, the participants (founders) of the debtor), and applies to the court;
- 9) keeps a register of the creditors' claims;
- 9-1) makes up an inventory;
- 9-2) after the court's approval of the final report, must close the bank account of the company, recognized bankrupt, and submit the taxpayer forms and a registration certificate for value added tax (if any) to the tax body;
- 9-3) no later than three working days from the date of his suspension, shall submit all the documents of the debtor, including the incorporation, financial and right stating documents on his property, all the property (assets) of the debtor and the debtor's seal to the newly appointed bankruptcy manager or the head of the debtor in cancellation of the decision on recognizing the debtor bankrupt;
- 10) has other powers in accordance with this Law.

Footnote. Article 70, as amended by the Laws of the Republic of Kazakhstan dated 01.07.1998 No 256; 11.07.2001 No 239; dated 13.03.2003 No 395; dated 10.01.2006 No 115 (shall be enforced from the date of its official publication); dated 15.05.2007 No 253; dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2); dated 10.12.2008 No 101-IV (shall be enforced from 01.01.2009); dated 19.03.2010 No 258-

IV; dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 27.04.2012 No 15-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 71. The claims of creditors

1. The claims of creditors against the debtor shall be submitted by them not later than two months from the date of publishing the announcement on recognizing the debtor bankrupt.

The creditors' claims must contain information about the amount of claims (separately about the principal amount of a debt, remuneration (interest), penalties and other fines, losses, attached with the documents, confirming the ground and the amount of the claim (the court decisions that have come into force, the copies of contracts, recognition of the debt by the debtor).

The creditors' claims, denominated in foreign currencies are calculated in tenge under the exchange rate of the National Bank of the Republic of Kazakhstan, at the time of rendering the court's decision on recognizing the debtor bankrupt and its liquidation.

2. The creditors' claims, submitted within the time frame, provided in paragraph 1 of this Article, shall be considered by the bankruptcy trustee within a month since receiving them and the recognized claims shall be included in the register.

The register can include the claims of the creditors, submitted by them previously to the court, if they meet the requirements, specified in subparagraph 2 of paragraph 1 of this Article.

The register of the creditors' claims does not include the creditors' claims, defined by the legislation of the Republic of Kazakhstan on project financing and securitization, collateralized by the allocated assets and the claims of holders of mortgage bonds, secured by pledge of the following property: claims on contracts for mortgage housing loans (including the pledge of mortgage certificates), as well as the state securities of the Republic of Kazakhstan in the cases where the ownership right to the bonds has arisen in their holders or transferred to them on transactions or other grounds, stipulated by the legislative acts of the Republic of Kazakhstan.

The register of the creditors' claims does not include the claims of creditors on infrastructure bonds, secured by the government guarantee.

3. The creditors have the right to submit the claims against the debtor, including the amount owed and the amount of remuneration payable (interest), the losses, caused by inaction or improper performance of the debtor's obligations, penalties (fines, penalties) and other fines.

4. The amount of remuneration (interest) is defined at the time of rendering the court's decision on recognizing the debtor bankrupt.

5. The amount of losses, penalties (fines, penalties) and other fines is defined at the

time of rendering the decision on recognizing the debtor bankrupt and its liquidation, and in the cases where the rehabilitation procedure was applied - at the time of initiation of the rehabilitation procedure.

The costs of creditors, related to their participation in the bankruptcy proceedings, shall not be refundable.

Footnote. Article 71 as amended by the Law of the Republic of Kazakhstan dated 11 July, 1997 No 154; dated 1 July 1998 No 256; by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 3 June, 2003 No 427; dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication); dated 20 February, 2006 No 127 (the order of enforcement, See Article 2); dated 5 July, 2006 No 165 (the order of enforcement, See Article 2); dated 12.01.2012 No 539-IV (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 71-1. Responsibility of a bankruptcy trustee – liquidator

In case of failure to perform or improper performance of his powers, the bankruptcy trustee shall be liable in accordance with the Laws of the Republic of Kazakhstan.

Footnote. Article 71-1 is in the wording of the Law of the Republic of Kazakhstan dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication.)

Article 72. Consideration of creditors' claims

1. In a written form the bankruptcy trustee shall notify each creditor of the results of considering the claims of creditors (on recognition or non-recognition of a claim fully or partially) on the day, following the day of rendering the decision (indicating the reasons of non-recognition).

2. (Is excluded – dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication.)

3. In case of disagreement with the decision of the bankruptcy trustee, the creditor, the founder (participant) has the right to appeal it in the court within a month, hearing the case on bankruptcy, whose decision on the contested claim came into force.

4. The creditors of the debtor have the right to study the content of the register of creditors.

Footnote. Article 72 as amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 73. Approval of the register of creditors' claims

1. The bankruptcy trustee is required to submit the register of the creditors' claims and the results of their consideration to the authorized body for approval not later than four months from the date of entry into force of the court's decision on recognizing the debtor bankrupt and its liquidation.

2. The register of the creditors' claims, submitted by the bankruptcy trustee, which meets the requirements of the bankruptcy legislation, is approved by the authorized body not later than five working days from the date of submission of the register of the creditors' claims.

In case of non-compliance with the requirements of the bankruptcy legislation, the submitted register of the creditors' claims is returned by the authorized body for further improvement, indicating the reasons for the return not later than five working days from the date of its submission, which shall be removed within five working days.

Footnote. Article 73 is in the wording of the Law of the Republic of Kazakhstan dated 11.07.2001 No 239; as amended by the Laws of the Republic of Kazakhstan dated 10.01.2006 No 115 (shall be enforced from the date of its official publication); dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 74. Bankruptcy assets

1. The bankruptcy assets include:

1) the property of the debtor, including those which are not reflected in its financial documents, but provided with the documents, confirming the ownership right of the debtor, including the right to claim (accounts receivable), except for the property, specified in paragraph 2 of Article 83 of this Law;

2) the rights of a permanent and temporary land use of the debtor in the cases provided for by the land legislation of the Republic of Kazakhstan.

2. The bankruptcy assets include separately the personal property of general partnerships, the property of former participants of full and limited partnerships, members of the partnership with additional liability, as well as the members of production cooperative, which may be foreclosed in insufficiency of the bankrupt's property in accordance with the civil procedure legislation of the Republic of Kazakhstan.

3. In cases where the legislation of the Republic of Kazakhstan provides for vicarious liability of other persons for making the debtor bankrupt, the amount of this liability is defined as the difference between the total amount of the creditors' claims and the bankruptcy assets of the debtor. The bankruptcy trustee is required to submit claims to such persons in the interests of all creditors of the debtor. Submission of such claims by some creditors in their own interest is not permitted.

4. The bankruptcy assets do not include:

1) the material assets of the state material reserve;

2) the allocated assets that are collateral for the obligations of a special financial company in project financing and collateral for bonds of a special financial company in securitization in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization and the collateralized property, which is the

collateral for the following mortgage bonds: the claims for mortgage housing loans (including mortgage certificates), as well as the government securities of the Republic of Kazakhstan in the cases where the ownership rights to the bonds have arisen in their holders or transferred to them on transactions or other grounds, stipulated by the legislative acts of the Republic of Kazakhstan. The said property and the allocated assets are submitted by the liquidation commission to the representative of the holders of mortgage bonds, the representative of the creditors, and (or) the holders of the bonds, defined in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization, to satisfy the claims of creditors;

3) the assets of the liquidation funds, established in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use;

4) the property, which is a part of a concession object;

5) the quotas, reduction of emissions, the certified reduction of emissions, domestic emission reductions, adsorbing of greenhouse gases, provided by the Environmental Code of the Republic of Kazakhstan.

Footnote. Article 74 as amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 3 June, 2003 No 427; dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication); dated 20 February, 2006 No 127 (the order of enforcement see Art. 2); dated 5 July, 2006 No 165 (the order of enforcement see Art. 2); dated 05.07.2008 No 60-IV (the order of enforcement see Art. 2); dated 03.12.2011 No 505-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.01.2012 No 539-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 75. The priority of distributing the bankruptcy assets

1. Administrative and legal costs are covered in priority at the expense of the debtor's property.

The administrative costs within budget, defined by the agreement of the creditors' committee and the rehabilitation or bankruptcy trustee, may be paid by the rehabilitation or bankruptcy trustee as they arise.

2. The claims for payment of maintenance obligation, withheld from the wages and (or) other income, as well as the claims of the citizens to whom the liquidated bankrupt is liable for causing damage to life or health, through capitalization of the corresponding due-over-time payments are satisfied first.

3. Payment of wages and compensations to the persons that worked under an employment contract, the outstanding social contributions to the State Social Insurance Fund, the payment of mandatory pension contributions, withheld from the wages, and the remunerations under the copyright agreement, except for the cases, provided by Article 78 of this Law, are satisfied second.

4. The claims of creditors for the obligations, secured by a pledge of the bankrupt's property, are satisfied third within the amount of security.

5. The liabilities for taxes and other obligatory payments to the budget are repaid
f o u r t h .

6. Settlements with other creditors are satisfied fifth in accordance with this Law and other legislative acts of the Republic of Kazakhstan.

Footnote. Article 75 as amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 8 April, 2004 No 542 (shall be enforced from 1 January 2005); dated 10 January 2006 No 115 (shall be enforced from the date of its official publication); dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 76. The rules of settlements with creditors

1. The claims of each line (в статье 75 говорится об очередях, о которых указываются в данной статье. Однако, слово line/s в 75 статье не упоминается? Нужно привести в единообразии!) are satisfied after the full satisfaction of the
c l a i m s o f t h e p r e v i o u s l i n e .

The creditor's claim with its consent may be settled by means that do not contradict the legislation of the Republic of Kazakhstan, including in the monetary form and (or) through the transfer of property in kind.

The creditor, except for the creditor on taxes and other obligatory payments to the budget, for social contributions to the National Social Security Fund and mandatory pension contributions, should express his consent in a written form (dissent) on accepting the property in kind for repayment of the claim within fifteen days from the date of offer, made by the bankruptcy trustee. Failure to provide the written consent by the creditor in the due time is recognized as the rejection to accept the property in kind.

2. In case of insufficiency of the bankrupt's property, it is distributed among the creditors of the appropriate line in proportion to the amounts of their claims to be
s a t i s f i e d .

3. In case of rejection of the bankruptcy trustee to satisfy the creditor's claim or evading their consideration, the creditor is entitled to apply to the court against the bankruptcy trustee prior to approval of the liquidation balance.

4. The creditors' claims, submitted after the deadline, provided for in paragraph 1 of Article 71 of this Law, but before the approval of the liquidation balance, shall be satisfied by the debtor's property, remaining after satisfaction of the creditors' claims,
s u b m i t t e d i n t h e d u e t i m e .

5. The claims of the creditors of the first and second lines, submitted before settlements with all creditors are to be satisfied at the expense of the bankruptcy assets. Prior to inclusion of such claims in the register, the repayment of the creditors' claims

of the appropriate line is suspended. The same procedure shall be applied for satisfaction of the creditors' claims of other line, submitted in the due time, but not recognized by the bankruptcy trustee, in respect of which there is a court's decision on their satisfaction.

6. The creditors' claims that are not satisfied due to lack of property of the bankrupt, and which were not submitted prior to approval of the liquidation balance, shall be deemed repaid.

These amounts must be written off by the creditor from the receivables on the basis of a court's decision on completion of bankruptcy proceedings.

Footnote. Article 76 as amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication); dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 77. The amount and the order of repaying the claims of the creditors of the first line

1. Determination of the amount of claims of citizens to whom the debtor is liable for causing damage to life and health, is performed through capitalization of corresponding due-over-time payments (at the rate on the day of recognizing the debtor bankrupt) that are to be paid to the citizen before he reaches seventy years of age, but not less than during ten years. If the age of the citizen is more than seventy years, the period of capitalization of corresponding due-over-time payments is ten years.

2. Payment of the amount, determined in the order, provided for by paragraph 1 of this Article, terminates the corresponding liability of the debtor.

3. The claims of the creditors of the first line, remaining unmet for the insufficiency of the bankruptcy assets, shall be reimbursed in the order, established by the civil legislation of the Republic of Kazakhstan.

Footnote. Article 77 as amended by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication); dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2).

Article 78. The amount and the order of satisfying the claims of creditors of the second line

1. When determining the amount of the creditors' claims of the second line, the outstanding debt, formed at the time of initiation of the bankruptcy proceedings, is taken into account, except for the cases, provided in paragraphs 2 and 3 of this Article.

2. The increased amounts of the creditors' claims for wages and compensation, formed as a result of the increased wages of the employee during the period, calculated from one year before the initiation of the bankruptcy proceedings, are recorded in the register of the creditors' claims in the fifth line.

3. The creditors' claims for wages and compensations, the labor relations with whom have arisen during the period from the year before the initiation of the bankruptcy proceedings, are recorded in the register of the creditors' claims in the second line with not more than the average monthly wage, calculated for the debtor for twelve calendar months, preceding one year prior to initiation of the bankruptcy proceedings. The remaining amounts of claims (fines, penalties, indexing, etc.) are recorded in the register of the creditors' claims in the fifth line.

4. If after initiation of the bankruptcy proceedings, the debtor has not fully complied with the obligations on repayment of wages and compensation to the persons, that worked under an employment contract, the outstanding social contributions to the State Social Insurance Fund, the payment of mandatory pension contributions, withheld from wages, as well as the remunerations under the copyright agreements, the amounts, which are not paid before the entry into force of the decision on recognizing the debtor bankrupt and its liquidation, are included in the total amount owed to the creditors of the second line, except for the cases, provided in paragraphs 2 and 3 of this **A r t i c l e** .

Footnote. Article 78 in a new edition by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 8 April, 2004 No 542 (shall be enforced from 1 January 2005); dated 10 January, 2006 No 115 (shall be enforced from the date of official publication); dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 79. The amount and the order of satisfying the claims of the creditors of the third line

1. When determining the amount of the claim for obligation, secured by collateral, the loan debt in the terms, secured by the pledge, is taken into account.

2. The creditor's claims for obligation, secured by collateral, are met at the expense of the value of the pledged property.

3. The loan debt in the terms, that is not collateralized, is recorded in the register of the creditors' claims as part of the claims of the fifth line.

Footnote. Article 79 in the new edition by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239.

Article 80. The amount and the order of satisfying the claims of the creditors of the fourth line

1. When defining the amount of claims for taxes and other obligatory payments to the budget, the amount of debt (arrears), formed at the time of commencement of the bankruptcy proceedings, is taken into account.

2. If after commencement of the bankruptcy proceedings, the debtor has not fully paid the taxes and other obligatory payments to the budget, the amounts, not paid before the entry into force of the decision on recognizing the debtor bankrupt and its

liquidation, are included in the total amount of the debtor's debt to the creditors of the
f o u r t h l i n e .

3. The amounts of financial penalties are included in the claims of the fifth line.

Footnote. Article 80, as amended by the Laws of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 81. The amount and the order of satisfying the claims of the creditors of the fifth line

1. When determining the amount of claims to be included in the claims of the fifth line, the claims of creditors for civil obligations, including the remuneration of the creditors (interest), the creditors' claims for wages and compensations to the persons, working under an employment contract, in the cases, provided by paragraphs 2 and 3 of Article 78 of this Law, are taken into account, except for the obligations of creditors, secured by a pledge, and the founders (participants) of the legal entity.

2. The claims of creditors of the fifth priority for damages and recovery of penalties (fines, penalties) are taken into account separately and are to be repaid after the repayment of debt and the interest due (interest).

Footnote. Article 81 as amended by the Law of the Republic of Kazakhstan dated 11 July, 1997 No 154; by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239.

Article 82. Representation of the interests of creditors on wages

1. At a meeting (a conference), the persons, having claims against the debtor for payment of labor, through a secret ballot, elect a representative, authorized to protect their interests to the debtor and its creditors.

The creditor's representative for payment of labor is included in the creditors' committee and has one vote.

2. The representative, elected in the order, established by paragraph 1 of this Article, shall have the same rights of the creditor, provided to him by this Law, at the time of the bankruptcy proceedings. The representative shall report to the meeting (conference) that has elected him on the results of the approval of claims for wages in the register of the creditors' claims and the results of their consideration.

Footnote. Article 82 as amended by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication.)

Article 83. Valuation of the debtor's property

1. During the liquidation of the debtor, involving competitively relevant experts, the bankruptcy trustee assesses the property (assets) of the debtor, including the accounts receivable. In the event of insufficient funds to involve an appraiser, the bankruptcy trustee with the consent of the creditors' committee has the right to tender

the property at book value.

2. The creditors' claims are to be satisfied at the expense of the debtor's property, valued in accordance with paragraph 1 of this Article, except for:

1) the property, withdrawn from commerce in accordance with the legislation of the Republic of Kazakhstan;

2) the property that does not belong to the debtor under the right of ownership, including the property which is in trust or in storage.

Footnote. Article 83 as amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication); dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 84. Sale of property (assets) of a debtor

1. Sale of property of the debtor, including the right to claim, is made by the bankruptcy trustee in a bidding procedure in accordance with the plan of selling the property, approved by the creditors' committee.

The order of bidding for sale of the property (assets) of the debtor is determined by the Government of the Republic of Kazakhstan.

2. When selling a strategic facility by the bankruptcy trustee, the Republic of Kazakhstan has a priority right to acquire such property.

The bankruptcy trustee sells the strategic facility after receiving the decision of the Government of the Republic of Kazakhstan on issuance of permission for its alienation in accordance with the Law of the Republic of Kazakhstan "On State Property."

3. The debtor's property that was offered for sale, but was not sold in accordance with the plan for selling the property, is to be sold at the minimum price, specified in the sales plan, to the creditors of the relevant line, whose claims have not be satisfied fully, with their consent, to the common ownership.

Footnote. Article 84 is in the wording of the Law of the Republic of Kazakhstan dated 01.03.2011 No 414-IV (shall be enforced from the date of its first official publication); as amended by the Law of the Republic of Kazakhstan dated 17.02.2012 No 564-IV (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 85. The property, remaining after satisfaction of the creditors' claims

1. The money, remaining after satisfaction of the creditors' claims, is submitted by the bankruptcy trustee to the owner of the property of the debtor or its founders (participants) in accordance with the legislation of the Republic of Kazakhstan or the constituent documents of the debtor.

2. The debtor's property in kind, remaining after satisfaction of the creditors' claims, which was offered for sale, but was not sold, and was not accepted by the creditor for satisfaction of the claims, is submitted to the owner or participants (founders) of the

debtor - legal entity, except for the cases, provided for by the civil legislation of the Republic of Kazakhstan, and was not accepted by the creditor for satisfaction of the claims.

Footnote. Article 85 as amended by the Law of the Republic of Kazakhstan dated 11 July, 1997 No 154; dated 1 July 1998 No 256; dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 86. Release of the bankrupt from the debts

1. After completion of settlements with creditors, the bankrupt is released from liabilities and other claims, submitted for execution and taken into account in recognizing the legal entity bankrupt.

2. The bankrupt is not released from debts if he concealed or submitted part of his property to another person in order to conceal it during three years prior to the date of submitting an application for bankruptcy, concealed or falsified the necessary accounting information, including books, accounts, documents.

Footnote. Article 86 as amended by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication.)

Article 87. Final report of a bankruptcy trustee

Footnote. The title, as amended by the Law of the Republic of Kazakhstan dated 10.12.2008 No 101-IV (shall be enforced from 01.01.2009).

1. After satisfaction of the creditors' claims, the bankruptcy trustee submits a final report on his activities, approved by the authorized body, to the court, and attaches it with the liquidation balance sheet and the report on use of the assets, remaining after satisfaction of the creditors' claims.

The form of the final report and the procedure for its approval shall be established by the authorized body.

2. The court approves the final report of the bankruptcy trustee and the liquidation balance and makes the decision on completion of the bankruptcy proceedings no later than fifteen days from the date of the documents submission.

After completion of the bankruptcy proceedings, within a week, the court submits an abstract from the approved final report of the bankruptcy trustee to the authorized body, containing information about the outstanding claims of creditors of the first line.

The decision on completion of the bankruptcy proceedings should resolve the outstanding issues, related to the payment of remuneration of the bankruptcy trustee and the debtor's property, remaining unsold. The copy of the decision shall be sent by the court to the authorized body, performing the state registration of legal entities, to the authorized body, the territorial body of the authorized body for statistics, as well as the creditors of the bankrupt, whose claims were not satisfied.

Footnote. Article 87, as amended by the Laws of the Republic of Kazakhstan dated

01.07.1998 No 256; dated 11.07.2001 No 239; dated 13.03.2003 No 395; dated 10.01.2006 No 115 (shall be enforced from the date of its official publication); dated 05.07.2008 60 No-IV (the order of enforcement See Art. 2); dated 10.12.2008 No 101-IV (shall be enforced from 01.01.2009); dated 19.03.2010 No 258-IV.

Article 88. Completion of the debtor's liquidation

1. Is excluded by the Law of the Republic of Kazakhstan dated 01.07.1998 No 256.
2. Is excluded by the Law of the Republic of Kazakhstan dated 01.07.1998 No 256.
3. Liquidation of the debtor shall be deemed completed and the debtor terminated its activities after entering this information into:
the National Register of business identification numbers - for legal entities;
the State database of taxpayers - for individual entrepreneurs.
4. The orders on exclusion of a debtor from the National Registry of business identification numbers shall be sent to the court and the authorized body, as well as to the tax body at the location of the debtor, by the bodies, performing the state registration of legal entities.

Footnote. Article 88, as amended by the Laws of the Republic of Kazakhstan dated 01.07.1998 No 256; dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2); dated 10.12.2008 No 101-IV (shall be enforced from 01.01. 2009); dated 24.12.2012 No 60-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Chapter 7. The simplified bankruptcy procedures

Article 89. Bankruptcy of a debtor, which is being liquidated

1. Upon revelation of the circumstances, provided for in paragraph 2 of Article 17 of this Law, the body of the legal entity or a liquidation committee shall apply to the court to recognize the debtor bankrupt. Upon revelation of these circumstances, the liquidation committee shall notify the management body of the legal entity- debtor a b o u t t h e m .

2. Since initiation of the case by the court, the consequences provided for in Article 28 of this Law are applied to the owner of property of the debtor and its founders (p a r t i c i p a n t s) .

Footnote. Article 89 as amended by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239; dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication.)

Article 90. Judicial consideration of a case

1. The court that initiated a case on recognizing the legal entity bankrupt, which is under liquidation, within a month, shall make a decision on recognizing the debtor bankrupt and its liquidation.

2. If during the judicial consideration it was revealed that the available debtor's property (assets) can satisfy the claims of all creditors in full, the court shall make a decision to refuse to recognize the debtor bankrupt. The court's decision is the ground for continuation of liquidation of the debtor in the regular order.

Article 91. Liquidation procedure of the debtor

Liquidation of the debtor is performed by the bankruptcy trustee in the order, established by Articles 65-88 of this Law.

Footnote. Article 91 as amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256.

Article 92. Consequences of rejection from liquidation of a debtor in the order of bankruptcy

1. If, despite the circumstances in which the legal entity must be liquidated in the order of bankruptcy only, the owner, the founders (participants), the liquidation committee have not applied to the court for recognizing the debtor bankrupt and liquidated the legal entity, dissatisfaction of claims of all creditors in full is the ground for rejection to record information on liquidation of the legal in the National Register of business identification numbers.

2. The creditors may submit the unsatisfied claims to the owner of the property of the debtor, the founders (participants), the liquidation commission (liquidator) if they are liable for the unliquidated obligations of the debtor in accordance with this Law or other legislative acts of the Republic of Kazakhstan.

Footnote. Article 92 as amended by the Law of the Republic of Kazakhstan dated 01.07.1998 No 256; dated 11.07.2001 No 239; dated 05.07.2008 No 60-IV (the order of enforcement See Art. 2); dated 24.12.2012 No 60-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 93. Bankruptcy of a debtor that is under liquidation at the request of a creditor

1. Decision, made by the owner, the founders (participants) of the legal entity on its liquidation is not an obstacle for the creditor's applying to the court for recognizing the legal entity bankrupt.

2. In case if the court makes a decision on recognizing the debtor bankrupt, the provisions of this chapter do not apply, and the liquidation of the debtor is performed in accordance with the rules, provided for in Articles 65-88 of this Law.

Article 94. Bankruptcy of the absent debtor

1. Bankruptcy proceedings against an absent debtor shall be initiated by the court at the request of the creditor, the prosecutor.

The rules, established by paragraph 4 of Article 3 of this Law in respect of the absent debtors, are not applied.

2. Within five working days from the date of initiation of the case, the court shall

render a decision on recognizing the absent debtor bankrupt and initiate bankruptcy proceedings .

3. Liquidation of the absent debtor is performed by the bankruptcy trustee, appointed by the authorized body, except for the cases, provided for in paragraph 5 of this Article .

4. Within ten working days from the date of enforcement of the court's decision on recognizing the debtor bankrupt and its liquidation, the bankruptcy trustee publishes information on recognizing the debtor bankrupt and the order of submission of the creditors' claims, established by Article 71 of this Law, in the periodicals, circulating throughout the Republic of Kazakhstan and the respective administrative-territorial unit at the location of the debtor, which are duly authorized to publish officially the regulatory legal acts both in the Kazakh and Russian languages, and submits a copy of the court's decision to the territorial department of the authorized body for statistics.

5. In the absence of the property of the absent debtor, or if its value is not sufficient to cover the administrative costs, related to the bankruptcy proceedings, the court, with the consent of the authorized body and on the basis of the confirming documents, submitted by the applicant, shall make a decision on recognizing the absent debtor bankrupt without initiation of the bankruptcy proceedings.

Announcement on recognizing the absent debtor bankrupt and its liquidation shall be published by the applicant within ten working days in the periodicals, circulating throughout the Republic of Kazakhstan and the respective administrative-territorial unit at the location of the debtor, that are duly authorized to publish officially the regulatory legal acts both in the Kazakh and Russian languages.

The court's decision on recognizing the absent debtor bankrupt shall contain the following instructions :

- 1) on liquidation of the debtor without initiation of the bankruptcy proceedings;
- 2) an instruction, given to the authorized body to organize liquidation of the absent debtor ;
- 3) the amount of the submitted claims of creditors, that have applied to the court before the decision rendering.

Footnote. Article 94, as amended by the Laws of the Republic of Kazakhstan dated 01.07.1998 No 256; dated 11.07.2001 No 239; dated 13.03.2003 No 395; dated 10.01.2006 N 115 (shall be enforced from the date of its official publication); dated 05.07.2008 60 No-IV (the order of enforcement See Art. 2); dated 19.03.2010 No 258-IV; dated 27.04.2012 No 15-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Article 95. Liquidation of the absent debtor

1. Satisfaction of the creditors' claims is performed in the order of priority, specified in Article 75 of this Law. The creditors have the right to appeal the results of

considering of their claims by the bankruptcy trustee before approval of the liquidation balance .

2. After settlements with creditors, the bankruptcy trustee submits a final report on its activities to the court, attached with a liquidation balance sheet and a report on use of the assets, remaining after satisfaction of the creditors' claims.

The final report of the bankruptcy trustee must be coordinated with the authorized body before its submission to the court.

3. The debtor is considered to be liquidated since recording of information on termination of the debtor's activity in the National Register of business identification numbers or the national database of taxpayers, based on the court's approval of the final report of the bankruptcy trustee, which is the ground for writing-off of the debt of the liquidated debtor to the creditors.

4. If liquidation of a legal entity is made in the absence of official and the authorized persons without initiation of the bankruptcy proceedings, the authorized body shall organize a drawing-up of the register of the creditors' claims and the final report in accordance with the requirements of this Law.

In case of presence of the property of the absent debtor, the authorized body organizes its selling in the order, established by the legislation of the Republic of Kazakhstan. The money, received from the sale of such property shall cover the costs, associated with the liquidation of the absent debtor. If the money received exceeds the cost of expenses, spent on liquidation of the absentee debtor, it is distributed among the creditors of the relevant line in the order of priority, established by this Law.

Footnote. Article 95, as amended by the Laws of the Republic of Kazakhstan dated 11.07.2001 No 239; dated 10.01.2006 No 115 (shall be enforced from the date of its official publication); dated 10.12.2008 No 101-IV (shall be enforced from 01.01.2009); dated 24.12.2012 No 60-V (shall be enforced upon expiry of ten calendar days after its first official publication.)

Chapter 8. Extra-judicial (правильнее будет использовать в данном случае Non-judicial) liquidation procedures

Footnote. Chapter 8 is excluded by the Law of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Chapter 9. Particularities of bankruptcy of town-forming legal entities

Article 100. Bankruptcy of town-forming debtors - legal entities

1. The debtor - legal entity, which is a town-forming organization, may be recognized bankrupt in the cases and in the order, established by this Law, taking into account the specifications, provided for in this Chapter.

2. Assignment of legal entities to the town-forming organizations and keeping their list are performed in the order, prescribed by the Government of the Republic of Kazakhstan.

Article 101. Consideration of the bankruptcy proceedings

1. When considering the case on bankruptcy of a town-forming organization, the person, involved in the case, is the relevant administrative-territorial unit, represented by a representative, authorized by the governor. After commencement of the case on bankruptcy of a town-forming organization, the court shall notify the representative of the governor and the authorized body about it.

2. The debtor's application for recognizing him bankrupt, as well as the debtor's response to the application of other persons on recognizing him bankrupt, is attached with the documents, confirming his classification as the town-forming entity.

3. When preparing the case on bankruptcy of the debtor – town-forming organization for consideration, the judge requests an abstract from the list of the town-forming organizations.

Footnote. Article 101 as amended by the Law of the Republic of Kazakhstan dated 1 July, 1998 No 256; by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239.

Article 102. (Is excluded by the Law of the Republic of Kazakhstan dated 20 December, 2004 No 13 (shall be enforced from 1 January 2005)).

Article 103. Repayment of the creditors' claims

1. At any time prior to rendering the relevant court decision, the Republic of Kazakhstan, the administrative-territorial unit shall have the right to conduct the simultaneous repayment of claims of all secured and bankruptcy creditors of the debtor – town-forming organization.

2. In the case of repayment of the creditors' claims in accordance with paragraph 1 of this Article, the bankruptcy proceedings shall be terminated.

3. Repayment of claims of creditors of the debtor – town-forming organization by the Republic of Kazakhstan, the administrative-territorial unit may not be accompanied by withdrawal or acquisition of the assets of the debtor by them.

Chapter 9-1. Particularities of bankruptcy of agricultural organizations

Footnote. The Law is supplemented by a new chapter by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239.

Article 103-1. Bankruptcy of agricultural organizations

1. The debtor that is an agricultural organization may be recognized bankrupt, taking into account the specifications, established by this chapter.

2. When determining the insolvency of agricultural organizations, the commitments

, the period of performance of which came not earlier the previous year, are taken into account. At that, the year, preceding the year of initiation of bankruptcy proceedings is not taken into account, during which the emergency situations of natural and man-made character, or particularly unfavorable climatic conditions occurred that caused failure to perform the duties.

Article 103-2. The documents, attached to the creditor's application or the debtor's response

The creditor's application or the debtor's response, in addition to the documents, prescribed in this Law, are also attached with:

- 1) the cadastral characteristics of lands;
- 2) the information on natural and man-made emergency situations or natural climatic conditions for the year, preceding the bankruptcy proceedings.

In case if the debtor recognizes its insolvency in the response to the creditor's application, tax and other authorized state bodies' or the prosecutor's application, the submission of additional documents is not required.

In case of recognizing the debtor bankrupt or initiation of rehabilitation procedures, the costs associated with obtaining additional documents are related to the administrative costs.

Article 103-3. Extension of the rehabilitation procedure

In case if the goals of a rehabilitation procedure cannot be reached due to natural and man-made emergency situations or particularly unfavorable climatic conditions, at the request of a rehabilitation manager with the consent of the creditors' committee upon the conclusion of the authorized body, the court is entitled to extend duration of the rehabilitation procedure for not more than one year.

Article 103-4. Bankruptcy proceedings

1. At the request of the bankruptcy trustee with the consent of the creditors' committee, the duration of the bankruptcy proceedings, established in accordance with paragraph 2 of Article 65 of this Law, may be extended by the authorized body for not more than one year.

2. The bankruptcy trustee with the consent of the creditors' committee is taking measures to keep the value of the debtor's bankruptcy assets, which include:

1) protection of lands in accordance with the Land Code of the Republic of Kazakhstan;

2) planting and harvesting, reproduction and breeding of animals, birds, bees, processing of crops, livestock, poultry, bee-keeping;

3) the measures, related to the maintenance of the debtor's property in good condition for sale.

Costs for maintaining the value of the bankruptcy assets are related to the administrative expenses.

Article 103-5. Organization and selling of bankruptcy assets

1. The bankruptcy trustee must ensure proper registration of land use rights of the debtor, the incurred costs at that are related to the administrative costs.

2. Sale of the debtor's property is performed in accordance with Article 84 of this Law. In this case, the sales plan of the debtor's property includes an additional condition on initial putting up of the bankruptcy assets as a single lot for competitive biddings with the mandatory preserving of the main type of activity.

3. If the auction does not take place, or none of the participants will purchase a single lot, its further sale is conducted on separate lots in coordination with the authorized body and the creditors' committee.

4. In the absence of a buyer of the bankruptcy assets on separate lots, the creditors have the right to satisfy their claims at the expense of the bankrupt's assets in kind in proportion to the amount of their claims in accordance with the order of distribution of the bankruptcy assets, established by Article 75 of this Law.

5. The time and place of the bids for selling the bankruptcy assets are defined by the bankruptcy trustee with the consent of the creditors' committee.

6. The order of the bids for selling the bankruptcy assets of the debtor of an agricultural organization is established by the Government of the Republic of Kazakhstan.

Chapter 10 (Is excluded by the Law of the Republic of Kazakhstan dated 1 July , 1998 No 256)

Chapter 11. Final provisions

Article 106. The order of appliance of this Law

(Is excluded by the Law of the Republic of Kazakhstan dated 05.07.2008 No 60-IV (the order of enforcement, See Article 2).

Article 107. Responsibility for violation of this Law

Footnote. The Chapter is supplemented by a new Article 107 by the Law of the Republic of Kazakhstan dated 11 July, 2001 No 239.

The persons, that violated this Law, shall be liable in accordance with the Laws of the Republic of Kazakhstan.

Footnote. Article 107 as amended by the Law of the Republic of Kazakhstan dated 10 January, 2006 No 115 (shall be enforced from the date of its official publication.)

T h e P r e s i d e n t

of the Republic of Kazakhstan

