



On Rehabilitation and Bankruptcy

Unofficial translation

The Law of the Republic of Kazakhstan dated 7 March 2014 No. 176-V.

This Law regulates public relations arising upon failure of the debtor to satisfy requirements of the creditors in full, establishes the grounds for applying accelerated rehabilitation procedure, rehabilitation procedure and declaration of the debtor as a bankrupt, as well as determines the procedure and conditions of conducting the procedures of rehabilitation and bankruptcy.

Chapter 1. GENERAL PROVISIONS

Article 1. Basic definitions used in this Law

The following basic definitions are used in this Law:

1) agricultural producer – individual entrepreneur or legal entity producing agricultural products with the use of land; producing agricultural animal, poultry (as well as poultry breeding with full circle, beginning from culturing growing stock), beekeeping products, if the income from selling these products, as well as processed products is more than fifty percent from the total sum of annual income;

2) premeditated bankruptcy – intended creation or increase of non-creditworthiness consummated in the result of actions (omission) of the founder (participant), civil servant, bodies of legal entity, and equally individual entrepreneur in personal interests or in behalf of other persons;

3) administrator – temporary administrator rehabilitated, temporary and bankruptcy managers appointed in established manner in the period of considering the cases in court and conduct of rehabilitation procedure and bankruptcy proceeding;

4) administrative costs – the expenses linked with initiating and conduct of rehabilitation procedure or bankruptcy proceeding;

5) bankrupt – the debtor the insolvency of whom is established by the court decision entered into legal force;

6) bankruptcy – insolvency of the debtor recognized by court decision that is the ground for its liquidation;

7) bankruptcy proceeding – the procedure carried out for the purpose of satisfying requirements of the creditors at the expense of property mass of the bankrupt in the manner established by the Laws of the Republic of Kazakhstan;

8) bankruptcy manager – the person appointed by the authorized body in the field of rehabilitation and bankruptcy for carrying out of the bankruptcy proceeding;

8-1) settlement agreement - a procedure applied at any stage of bankruptcy proceedings with a view to terminate them by concluding an agreement between a debtor (bankrupt) and creditors, which shall be affirmed by court;

9) debtor – the individual entrepreneur or legal entity, the inconsistency of which is the ground for applying procedures to it provided by this Law;

Note of the RCLI!

Subparagraph 10) is to be amended by Law of the Republic of Kazakhstan No 342-V dated 02.08.2015 (shall be enforced from 01.01.2020).

10) group of homogeneous creditors – the group of creditors having identic requirements to the debtor and that do not have the advantage over each other in receipt of their satisfying.

Groups of homogeneous creditors may include:

creditors on requirements on compensation for harm to life or health;

creditors of labor remuneration and compensations to be paid under employment contracts , as well as arrears of social contributions to the State Social Insurance Fund, mandatory pension contributions, mandatory professional pension contributions, mandatory social health insurance contributions and (or) fees;

creditors on obligations ensured by the pledge;

creditors on taxes and other compulsory payments to the budget;

creditors on requirements arising from the delivery contracts of commodities, works and services;

creditors – financial organizations (microfinancial organizations) on requirements arising from the contracts for receipt of the credit (microcredit) not secured by the pledge;

creditors – holders of obligations of the debtor;

11) single production complex – the property in combination required for ensuring of single circle upon production, procurement, storage, transportation, processing or sale of agricultural products;

Note of the RCLI!

Subparagraph 12) is to be amended by Law of the Republic of Kazakhstan No 342-V dated 02.08.2015 (shall be enforced from 01.01.2020).

12) insolvency - a debtor's inability, established by court, to fully satisfy creditors' claims with respect to monetary obligations, to pay labor remuneration to persons working under an employment contract, to pay taxes and make other mandatory payments to the budget, social contributions to the State Social Insurance Fund, as well as mandatory pension contributions and mandatory professional pension contributions, mandatory social health insurance contributions and (or) fees;

13) false bankruptcy – knowingly false notice in the result of actions and (or) adopted decisions by the founder (participant), civil servant, bodies of legal entity, and equally individual entrepreneur on inconsistency for the purpose of false suggestions of the creditors for receiving deferral or installments of payments owing to the creditors or debts discount, and equally for non-payment of debts;

14) accelerated rehabilitation procedure – the procedure applied in respect of the debtor in a judicial proceeding on the basis of a rehabilitation plan coordinated with the creditors in a prejudicial proceeding;

15) absent debtor – the debtor, the residence place or registration place of whom or location of permanent body, as well as of participants and civil servants without which the debtor may not carry out the activity, may not be established within six months;

16) regular commercial operations – the actions linked with turnover of commodities, works, services produced for the purpose of maintenance of daily functioning of the debtor that have regular character;

17) pledge creditor – the creditor on obligations the requirements of which are ensured by the pledge of property of the debtor;

Note of the RCLI!

Subparagraph 18) is to be amended by Law of the Republic of Kazakhstan No 342-V dated 02.08.2015 (shall be enforced from 01.01.2020).

18) creditor - a person that has property claims to a debtor arising from civil and other obligations of the latter, including those to pay labor remuneration, social contributions to the State Social Insurance Fund, mandatory pension contributions and mandatory professional pension contributions, mandatory social health insurance contributions and (or) fees, royalties, taxes and other mandatory payments to the budget;

19) creditors' commission – the representative body of the creditors elected by creditors' meeting in rehabilitation procedures and bankruptcy proceeding and having the powers provided by this Law;

20) register of requirements of the creditors – the list of requirements of the creditors to the debtor with specification of their size, ground and date of creation, formed in rehabilitation procedures or bankruptcy proceeding in the manner established by this Law;

21) city-forming legal entity – the legal entity determined in the manner established by the body on regional development;

22) civil servant – the member of the board of directors of joint stock company, head (deputy of head) of legal entity – insolvent debtor, as well as other person included to the collegial executive body of the legal entity imposed by permanent or temporary powers on managing the legal entity, senior accountant of the legal entity (deputy of the senior accountant) – insolvent debtor, and equally other person temporary fulfilling his (her) obligations;

23) measures of state support – measures applied in respect of organization, oriented to financial rehabilitation in the manner determined by the Government of the Republic of Kazakhstan;

24) property mass – the property of the debtor or bankrupt on which the execution may be levied in rehabilitation procedure or bankruptcy proceeding, as well as property of other persons in cases provided by this Law;

25) authorized body in the field of rehabilitation and bankruptcy (hereinafter – authorized body) – the state body carrying out state regulation in the field of rehabilitation and bankruptcy (with the exception of banks, insurance (reinsurance) organizations and pension savings funds);

26) rehabilitation plan – the complex of interrelated measures oriented to financial rehabilitation of the debtor upon application of rehabilitation procedure, accelerated rehabilitation procedure and carried out on the basis of mutual agreement between the debtor and creditors, group of homogeneous creditors for the purpose of restoration of solvency of current legal entity and preservation of working places with the specification of terms of realization, including the schedule of discharging the requirements of creditors, as well as reached results, used resources and possible risks;

27) rehabilitation procedure – the procedure imposed in a judicial proceeding by which the survival, organizational economic, management, investment, technical, financial economic, legal and other measures not inconsistent with the legislation of the Republic of Kazakhstan shall be applied to insolvent debtor oriented to restoration of solvency of the debtor for the purpose of prevention of its liquidation;

28) rehabilitation manager – the person to whom the powers on management of property and cases of insolvent debtor for the period of rehabilitation procedure in the manner established by this Law;

29) financial sanation – measures provided by a rehabilitation plan in the course of which the property owner of the debtor (body authorized by it), creditors or other persons render financial assistance to insolvent debtor, as well as realize the other set of measures on mobilization of reserves of the debtor and improvement of its financial economic situation;

30) temporary administrator – the person appointed by the court for making register of requirements of the creditors and coordination of transactions outside the regular commercial operations in the period of development of rehabilitation plan;

31) temporary manager – the person appointed by the court for carrying out of collection of details on financial situation of the debtor, as well as for conduct of the bankruptcy proceeding until appointment of the bankruptcy manager;

32) affiliates - natural or legal persons (except for state bodies performing monitoring and supervisory functions within their powers, the national management holding, the Housing Construction Guarantee Fund) able to directly and (or) indirectly shape decisions and (or) exert influence on decisions made by a participant in rehabilitation or bankruptcy proceedings also by virtue of a concluded contract. The list of affiliates in rehabilitation or bankruptcy proceedings is determined by article 9 of this Law.

Footnote. Article 1 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 16.11.2015 № 406-V (shall be

enforced from 01.07.2017); dated 07.04.2016 № 487-V (shall be enforced upon expiry of six months after the day its first official publication).

Article 2. Legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy

1. Legislation of the Republic of Kazakhstan on rehabilitation and 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.

2. If international treaty ratified by the Republic of Kazakhstan establishes other rules than those provided by this Law, the rules of international law shall be applied.

Article 3. Special aspects of applying this Law

1. This Law shall be applied to the cases on accelerated rehabilitation procedure and rehabilitation of legal entities, bankruptcy of individual entrepreneurs and legal entities, except for treasury enterprises and institutions, pension savings funds, banks, insurance (reinsurance) organizations.

In case of adoption of decision by the court on declaration of a bank, insurance (reinsurance) organization, pension saving fund as a bankrupt, their liquidation shall be carried out in accordance with the bank legislation of the Republic of Kazakhstan, legislation of the Republic of Kazakhstan on insurance and insurance activity, as well as pension benefits.

Peculiarities of applying bankruptcy or rehabilitation proceedings with respect to cotton processing organizations, grain receiving enterprises, as well as natural monopoly entities can be determined by the legislation of the Republic of Kazakhstan.

2. Cases on bankruptcy, rehabilitation or accelerated rehabilitation procedure shall be considered by the court by general rules of civil legal proceeding with the special aspects established by this Law.

3. If bankrupts are enterprises and individual entrepreneurs, that are natural monopoly entities or have significant strategic importance for the economy of the Republic of Kazakhstan, capable of influencing the life, health of citizens, national security or the

environment, including enterprises, whose blocks of shares (participatory interests in the authorized capital) are attributed to strategic objects in accordance with the legislation of the Republic of Kazakhstan, and also those declared bankrupt at the initiative of the state, the Government of the Republic of Kazakhstan, in order to protect the interests of citizens and the state, is entitled to establish special conditions and procedures for the sale of their estate and additional requirements to buyers of assets of their estate, and also make a decision on the national management holding's acquisition of the estate in the event of bankruptcy of enterprises, whose blocks of shares (participatory interests in the authorized capital) are attributed to strategic objects in accordance with the legislation of the Republic of Kazakhstan , or enterprises having significant strategic importance for the economy of the Republic of Kazakhstan.

4. Upon bankruptcy of legal entities carrying out environment hazardous types of economic and other activity, the compulsory environmental audit of their activity shall be conducted in accordance with the Environmental Code of the Republic of Kazakhstan.

Footnote. Article 3 as amended by the Law of the Republic of Kazakhstan dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017).

Article 4. Declaration of bankruptcy

1. Bankruptcy shall be established on a voluntary basis on the basis of application of the debtor to the court.

2. Bankruptcy shall be established compulsorily on the basis of application to the court of the creditors or other persons authorized by this Law.

3. In cases established by this Law, the debtor shall be obliged to refer to the court with the application on declaring it as bankrupt.

4. If the value of the property of a legal person, to be liquidated in accordance with a decision made under paragraph 1 of article 49 of the Civil Code of the Republic of Kazakhstan, is not sufficient to satisfy creditors' claims, a liquidation commission shall petition the court for declaring this legal person bankrupt in order to conduct bankruptcy proceedings according to the rules established by this Law.

5. The ground for declaring the debtor as bankrupt in a judicial proceeding is its insolvency.

Upon establishment of the fact of insolvency, all the obligations of the debtor shall be considered the terms of fulfillment of which began, as well as accepted and (or) being under fulfillment.

Footnote. Article 4 as amended by the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 5. Grounds for reference to the court for applying rehabilitation procedure or bankruptcy proceeding

1. The ground for reference of the creditor with application to the court on declaration of the debtor as bankrupt or applying rehabilitation procedure is insolvency of the debtor.

Debtor is insolvent upon occurrence of one and more conditions:

Note of the RCLI!

Subparagraph 1) is to be amended by Law of the Republic of Kazakhstan No 342-V dated 02.08.2015 (shall be enforced from 01.01.2020).

1) obligations to creditors to compensate the damage caused to life and health, to recover alimony, to pay labor remuneration, compensations under employment contracts, social contributions to the State Social Insurance Fund, mandatory pension contributions and mandatory professional pension contributions, mandatory social health insurance contributions and (or) fees, as well as royalties under author contracts are not fulfilled within three months from the date of their maturity and total at least one hundred monthly calculation indices, based on the MCI size fixed for the financial year in question by the law on the national budget;

2) obligations before the creditor on taxes and other compulsory payments to the budget on debts for tax including debts of branches and representatives of the debtor are not fulfilled within four months from the date of maturity of the term of their fulfillment and are the sum

no less than one hundred fifty monthly calculation indices established for the relevant financial year by the Law on republican budget;

3) obligations before other creditors are not fulfilled within three months from the date of maturity of the term of their fulfillment and in general are the sum no less than three hundred monthly calculation indices established for the relevant financial year by the Law on republican budget, for individual entrepreneurs, no less than one thousand monthly calculation indices established for the relevant financial year by the Law on republican budget – for legal entities.

Requirements of this paragraph shall not apply to the case of filing the application on declaration of the absent debtor as bankrupt.

2. Ground for reference of the debtor with the application to the court on declaring it as bankrupt is its insolvency in the absence of possibility of restoration of insolvency.

3. Ground for reference of the debtor with application to the court on applying rehabilitation procedure is its insolvency or threat of insolvency, when the debtor will not be able to fulfill money obligations upon maturity of the term of their fulfillment in the nearest twelve months in existence of possibility of restoring the insolvency.

Footnote. Article 5 as amended by the Law of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 16.11.2015 № 406-V (shall be enforced from 01.07.2017).

Article 6. Responsibility for premeditated and false bankruptcy

1. Founder (participant) and (or) civil servants of the debtor shall bear subsidiary responsibility before the creditors of insolvent creditor by the property belonging to them for premeditated bankruptcy.

Civil servant of the bankrupt shall reimburse the losses to owner of his (her) property for premeditated bringing of the debtor to insolvency.

2. If the application on declaration as bankrupt is filed by the debtor to the court for the purpose of false bankruptcy, the creditors shall have the right to require compensation of inflicted losses from the debtor and refer to the court on bringing of persons that adopted such decision to subsidiary responsibility.

3. Bankrupt manager in case of detection of the facts of premeditated bankruptcy in the course of bankruptcy proceeding shall be obliged within a month, and creditors shall have the right to refer to the court with a suit to such person on recovery of the sums of requirements of the creditors left unsatisfied because of deficiency of the property of bankrupt following the results of bankruptcy proceeding.

4. Within the month from the date of detection of signs of premeditated or false bankruptcy, as well as in cases of declaration as bankrupt upon application of the prosecutor, on the basis provided by subparagraph 1) of paragraph 1 of Article 47 of this Law, the administrator shall be obliged to refer to law enforcement bodies for bringing of the relevant persons to responsibility provided by the Laws of the Republic of Kazakhstan.

Article 7. Invalidation of transactions of the debtor and return of property

1. Transactions shall be invalidated if they are consummated by the debtor or the person authorized by it within three years until initiation of bankruptcy case and (or) rehabilitation, unless otherwise provided by the Law, in existence of grounds provided by civil legislation of the Republic of Kazakhstan and this Law.

2. Grounds of invalidation of transactions except for those provided by the Civil Code of the Republic of Kazakhstan are:

1) price of consummated transaction and (or) other conditions that differ essentially to the worst for the debtor from the price and (or) other conditions upon which in comparable circumstances the analogous transactions are consummated, if the consequences of transaction brought to financial losses;

2) transaction does not conform to activity of the debtor restricted by the legislative acts of the Republic of Kazakhstan, constitutive documents or consummated with violation of the competence determined by the charter;

3) property is transferred (as well as for temporary use) without compensation or at the price essentially differed to the worst for the debtor from the price for identic or similar commodity upon comparable economic conditions or without existence of grounds to the detriment of interests of the creditors;

4) if a transaction that consummated within six months before initiation of bankruptcy case and (or) rehabilitation entailed preferential satisfaction of requirements of one creditors before the others;

5) gift contracts of property of the debtor, with the exception of those concluded within regular commercial operations, if such transaction is differed from the transactions concluded for the year before initiation of case on rehabilitation or bankruptcy.

3. In case of detection of transactions consummated upon circumstances mentioned in paragraphs 1 and 2 of this Article, the administrator shall be obliged to refer to the court with application, as well as upon petition of the creditor that detected the transaction on invalidation of such transactions.

4. Application on invalidation of transactions shall be represented by the administrator within the term established by the commission of creditors.

5. Upon invalidation of a transaction, the defendant shall be obliged to return all that received under the transaction, upon impossibility of return in kind – to compensate the cost of the property subjected to return, performed works and rendered services.

By this the defendant shall acquire the right of demand to the debtor that shall be subject to satisfaction in the manner provided by this Law.

6. Upon impossibility of return of the property in cases provided by this Article, or upon gratuitous transfer of the property due to its loss, waste or its following faithful acquisition by third parties, the initial acquirers of the demanded property shall bear responsibility before the debtor on compensation of the losses arising due to this within the cost of the lost, wasted or faithfully acquired property by the third parties.

7. Upon impossibility of compensation of the cost of property by the initial acquirers, the person that adopted decision on alienation of the debtor's property, as well as temporary administrator and temporary manager that coordinated such transaction in the cases established by this Law shall be brought to subsidiary responsibility in a judicial proceeding.

8. The requirements of this article do not apply to transactions of project financing, securitization and open-bid transactions concluded in the stock exchange trading system.

9. Administrator shall have the right to refer to the court on invalidation of reorganization of the debtor committed by affiliation, division or extraction within three days before initiation of bankruptcy case and that brought to asset stripping.

Footnote. Article 7 as amended by the Law of the Republic of Kazakhstan dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016).

Article 8. Legal regime of contracts

1. Initiation of bankruptcy case is not the ground for unilateral refusal from fulfillment of the contract concluded by the debtor until initiation of bankruptcy case, at the initiative of the contracting party of the debtor and shall not entail termination of validity of this contract. Agreement of parties concluded before initiation of bankruptcy case on refusal from fulfillment of the contract and on termination of validity of the contract by the reason of initiation of a bankruptcy case shall be invalid.

2. Rehabilitation manager shall have the right to refuse from fulfillment of contracts concluded by the debtor before initiation of case of rehabilitation, not fulfilled by both parties in full or in part, in existence of one of the following circumstances:

1) contract is concluded with the affiliated person; 2) contract contains exacting terms for the debtor in comparison with previously concluded analogous contracts;

3) contract is long-termed (more than one year) or estimated for receipt of the results by the debtor only for long-term perspective;

4) there are other grounds to suppose than the fulfillment of the contract by the debtor entails unfavorable consequences for the rest creditors.

3. Bankrupt manager shall be obliged to change, dissolve, refuse from fulfillment or contest force of the contract concluded before initiation of bankruptcy case, require return of property transferred by the debtor on the basis of decision of the creditors' commission.

4. From the date of initiation of case on rehabilitation or bankruptcy and until entering into force of the court ruling on termination of the case on rehabilitation or bankruptcy or court decision on applying rehabilitation procedure to the debtor or declaration of the debtor as bankrupt, the offset of mutual requirements between the debtor and its creditors shall not be allowed.

Rehabilitation or bankrupt manager shall be obliged to declare on offset of requirements to the creditor, if the offset of requirements do not violate the order of priority of satisfying the requirements of creditors, is direct, mutual and without involvement of other persons. Offset shall be allowed only upon requirements on paying money.

5. Supplier of electrical and heating energy, services on hydroeconomic and sewage systems, communication, as well as on protection of property of the debtor shall not have the right to refuse from the contract concluded with the debtor by the reason of declaration of the debtor as bankrupt. Costs linked with fulfillment of such contracts after initiation of the case on rehabilitation or bankruptcy shall relate to administrative costs.

Article 9. Affiliated persons

According to this Law, the affiliated persons are:

- 1) shareholder, founder (participant), debtor or creditor;
- 2) close relatives, husband (wife), close relatives of husband (wife) o individual entrepreneur-debtor, as well as individual mentioned in subparagraphs 1), 3) and 4) of this Article;
- 3) person linked with participant of the procedures of rehabilitation and bankrupt by the contract in accordance with which it shall have the right to determine decisions adopted by the debtor;
- 4) civil servants of participant of the procedures of rehabilitation and bankrupt or legal entity mentioned in subparagraph 1), 3), 5), 6) and 7) of this Article;
- 5) legal entity in respect of which, the participant of procedures of rehabilitation and bankruptcy is the shareholder, participant or has the right to the relevant share in property;
- 6) legal entity that jointly with participant of the procedures of rehabilitation and bankruptcy is under control of the third party;
- 7) other person that is affiliated person of the participant of procedure of rehabilitation and bankruptcy in accordance with the legislative acts of the Republic of Kazakhstan.

Article 10. Confidentiality

1. Authorized body and administrator shall have the right to request and receive details on financial economic activity of the debtor including the period before declaring it as bankrupt, without receipt of agreement of the property owner, founders (participants) of the bankrupt.
2. Divulgence of details on financial economic activity by the administrator or civil person of the authorized body to whom they were entrusted or became known by service or work, and equally loss of documents containing such details shall entail responsibility

provided by the Laws of the Republic of Kazakhstan. Force of this Article shall apply to persons involved by the administrator.

3. Transfer of information by the authorized body or administrator provided to them to the state bodies in cases provided by the Laws of the Republic of Kazakhstan is not divulgence of confidential information.

4. Upon conduct of procedures provided by this Law, the following information is not confidential:

- 1) about person appointed by the administrator;
- 2) about composition of the creditors' commission and decisions adopted by them;
- 3) about a sum of requirements included into the register of requirements of the creditors and about amount of their satisfying in the context of priorities;
- 4) about terms of conducting procedures;
- 5) about execution of the schedule of redemption of debts before the creditors;
- 6) about existence of complaints against the action (omission) of the administrator and results of their consideration;
- 7) about bringing of the administrator to the responsibility according to the facts of detected infractions;
- 8) about grounds for termination of rehabilitation procedure;
- 9) provided by the administrator to the creditors' commission for adoption of decision;

10) about judicial proceedings initiated by the authorized persons within realization of rights established by this Law.

Article 11. Legal status of the debtor

1. Debtor shall have the right to:

1) petition the court for applying rehabilitation proceedings in cases provided for by this Law;

2) petition in court on preservation of the right of management of property and cases from the date of approval of a rehabilitation plan;

2-1) conclude a settlement agreement in the course of bankruptcy proceedings in the manner and under the terms provided for by this Law;

3) within six months from the day a debtor learnt or had to learn about his/her/its insolvency, petition the court for declaring him/her/it bankrupt, except for the case of entry into legal force of a court decision to apply an insolvency resolution procedure with respect to the debtor;

4) enjoy other rights provided by the legislation of the Republic of Kazakhstan.

2. Debtor shall be obliged to:

1) refer to the court for declaring it as bankrupt in case when the owner of its property, body authorized by it, body of legal entity authorized by the constitutive documents adopted decision on its liquidation, and the cost of property is insufficient for satisfying requirements of the creditors in full measure;

2) refer to the court on declaring it as bankrupt, if satisfaction of requirements of one creditor or several creditors brings to impossibility of fulfilling money obligations by it in full measure before the other creditors;

3) refer to the court within six months on declaring it as bankrupt from the date when the debtor knew or should know on occurrence of insolvency;

4) provide information of financial economic activity, as well as details on the property of the debtor, as well as property impaired by the pledge, being in property lease (rent) and (or) in financial lease, on money being on banking accounts, numbers of accounts and location of banks, on sum of debtor indebtedness to the court and administrator within three business days from the date of appointment of the administrator;

5) transfer constitutive documents, seals, stamps to the rehabilitation manager within three business days from the date of his (her) appointment, financial statements – within fifteen business days, material and other values – within two months;

6) provide an access to the temporary manager from the date of his (her) appointment to financial statements for examination by reviewing;

7) ensure completeness and credibility of accounting documents, business accounting and financial accountability systems;

8) provide rehabilitation plan for familiarization to the temporary manager no later than the date next to consideration of rehabilitation plan at the meeting of creditors;

9) provide information on the course of carrying out own activity to any creditor of the debtor upon conduct of rehabilitation procedure on the basis of his (her) written request no later than three business days from the date of receipt of request, with the exception of details being confidential;

10) provide information, explanation on financial status and economic activity of the debtor to the court, rehabilitation, temporary or bankrupt manager and creditors' commission on the basis of the request;

11) bring the information on financial status, consummated transactions in the course of regular commercial operations for the previous month in the period of conducting rehabilitation procedure to the notice of the creditors' commission no later than fifteenth day of each month;

12) not to use the property of legal entity in the period of conducting rehabilitation procedure or not to allow its use without permission of the creditor's meeting, if such actions are not provided by a rehabilitation plan;

13) coordinate transactions outside the regular commercial operations with the temporary manager in the period of conducting rehabilitation procedure;

14) perform other obligations provided by this Law.

3. In cases when the right to manage property and cases of the debtor remains on a property owner of the debtor, founders (participants), the powers within competence established by the legislation of the Republic of Kazakhstan and responsibility provided by this Law for rehabilitation manager shall apply to bodies of the debtor.

4. In case of breach of the legislation of the Republic of Kazakhstan by the founder (participant) of the debtor, property owner or civil servants, mentioned persons shall be brought to the relevant responsibility with compensation for losses inflicted in a result of such actions.

5. For violation of provisions of subparagraphs 1) – 6) of paragraph 2 of this Article, in case of insufficiency of property of the debtor for satisfying the requirements of all the creditors, the civil servants of the debtor the obligations of whom include performance of

requirements provided by subparagraph 1) – 6) of paragraph 2 of this Article shall be jointly and severally liable in accordance with the Laws of the Republic of Kazakhstan.

Footnote. Article 11 as amended by the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 12. Administrator

1. In cases established by this Law, for reaching the purposes of carrying out the rehabilitation procedure, collection of details on financial status of the debtor or bankruptcy proceeding for the period of their conduct, all the bodies of the debtor shall be dismissed from management and the powers on managing the property and cases of the debtor shall be transferred to the administrator.

Administrator shall act as single managing body of the debtor and shall be obliged to exercise the powers at location of the debtor.

Provisions of this paragraph shall be not ally to the cases provided by paragraph 1 of Article 69 of this Law.

2. A person is appointed administrator, if he/she successfully passed the qualifying exam and notified the authorized body of the commencement of his/her activity, according to the procedure established by this Law.

Powers imposed by this Law on administrator may not be transferred to other persons with the exception of cases provided by paragraph 2 of Article 78 and Article 118 of this Law

3. The following persons may not be appointed as administrator:

1) affiliated persons;

2) persons having outstanding or unexpunged conviction in the manner established by the Law;

3) persons recorded in narcological or psychoneurologic dispensary;

4) persons recognized incapable or partially capable by the court.

4. Requirements to persons seeking to carry out the activity of an administrator:

1) existence of higher legal or economic education;

2) existence of work experience no less than three years in economic, financial or legal scopes of activity;

3) citizenship of the Republic of Kazakhstan;

4) absence of details on recording in narcological or psychoneurologic dispensary;

5) absence of outstanding or unexpunged conviction;

6) absence of details on recognition as incapable or partially capable.

5. A ground for adding an applicant's notification to the register of notifications of persons authorized to carry out the activity of an administrator is the applicant's submission to the authorized body of the notification of the commencement of his/her activity and the Commission's decision on the passing of the qualifying exam by persons seeking to carry out the activity of an administrator.

The Commission's decision on the passing of the qualifying exam by persons seeking to carry out the activity of an administrator is valid for one year from the day of passing the qualifying exam.

6. The authorized body shall add an applicant's notification to the register of notifications of persons entitled to carry out the activity of an administrator within three working days from the day of the notification's submission by the applicant.

In case of change of the data indicated by an applicant in his/her notification, he/she is obliged to notify the authorized body about these changes within ten working days from the day of the data change.

Terminating his/her activity, an administrator is obliged to send a relevant notice to the authorized body.

If an administrator also acts as a rehabilitation and (or) bankruptcy manager, he/she shall attach to the notice of terminating the activity at his/her own request a copy of the minutes of a meeting of creditors concerning each debtor to suspend him/her from carrying out the activity of a rehabilitation and (or) bankruptcy manager and select a new candidate.

Forms of notifications of the commencement of the activity, termination of the activity, entering changes in the applicant's data are approved by the authorized body.

7. Is excluded by the Law of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication).

8. The authorized body shall remove an administrator's notification from the register of notifications of persons entitled to carry out the activity of an administrator in cases of:

- 1) finding the fact of submitting unreliable information in the notification;

2) violation of the requirements established by this Law more than once (two or more times during the twelve consecutive calendar months), which caused damage to the interests of a creditor or a debtor;

3) the administrator's refusal to carry out the activity more than once (two or more times during the twelve consecutive calendar months), except for the administrator's refusal due to circumstances preventing his/her appointment by virtue of subparagraph 1) of paragraph 3 of this article;

4) death;

5) the loss of the citizenship of the Republic of Kazakhstan;

6) rendering an order to refuse the initiation of criminal proceedings on non-rehabilitating grounds for criminal offences in the field of economic activity, as well as corruption and other criminal offences against the interests of the civil service and state administration, or to terminate a criminal case for economic and corruption crimes on non-rehabilitating grounds;

7) entry into legal force of a judgment of conviction in respect of this person;

8) registration with a drug rehabilitation or psychiatric institution;

9) recognizing him/her as legally incompetent or partially incapacitated;

10) an administrator's failure to notify about circumstances that prevented his/her appointment as rehabilitation or bankruptcy manager by virtue of paragraph 3 of this article, if they were later revealed by the authorized body in the course of rehabilitation or bankruptcy proceedings;

11) an applicant's failure to submit the Commission's decision on the passing of the qualifying exam by persons seeking to carry out the activity of an administrator, when submitting his/her notification of the commencement of the activity.

Removal from the register of notifications of persons entitled to carry out the activity of an administrator is carried out by the authorized body within:

1) five working days from the day of finding the facts provided for by subparagraphs 1) - 10) of part one of this paragraph;

2) one working day from the day of finding the fact provided for by subparagraph 11) of part one of this paragraph.

9. Within one working day from the day of removing a notification from the register of notifications of persons entitled to carry out the activity of an administrator, the authorized body submits information:

1) on the removal of a temporary manager, temporary administrator - to court;

2) on the removal of a rehabilitation or bankruptcy manager - to a meeting of creditors.

10. Administrator shall be dismissed from execution of own powers in cases of:

1) removal of a notification from the register of notifications of persons entitled to carry out the activity of an administrator;

2) refusal of the administrator from execution of powers by the reason of existence of circumstances impeding his (her) appointment in virtue of subparagraph 1) of paragraph 3 of this Article;

3) adoption of decision by the creditors' meeting on his (her) removal;

4) detection of the violations of requirements by the administrator in results of inspection, established by this Law.

11. If an administrator submits an application for relieving of powers conferred on him/her at his/her own request, he/she shall be relieved according to the procedure established by this Law.

12. In case of removal or release of the administrator from exercise of imposed powers, the newly appointed administrator is a legal successor of the previous administrator.

13. Once every three years from the day of submitting a notification to the authorized body, an administrator is obliged to improve his/her qualification in the economic, financial or legal spheres in the manner determined by the authorized body and provide copies of confirming documents to the authorized body.

14. Administrator shall have the right to participate with electronic methods in relations regulated by this Law in the manner established by the authorized body.

Footnote. Article 12 as amended by the Laws of the Republic of Kazakhstan dated 16.05.2014 No. 203-V (shall be enforced upon expiry of six months after the date of its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication).

Article 13. Remuneration of administrator

1. The basic remuneration of temporary and bankruptcy managers is paid out of the debtor's property, except for the case provided for by paragraph 3 of article 61 of this Law, it is fixed for the period of bankruptcy proceedings, not including the period of their prolongation.

In case of prolongation of bankruptcy proceedings, the basic remuneration of a bankruptcy manager shall not exceed fifty percent of the amount of the basic remuneration set

on the basis of the decision of a meeting of creditors until the bankruptcy proceedings are complete.

The minimum and maximum limits of the basic remuneration of a temporary administrator, rehabilitation, temporary and bankruptcy managers, as well as the procedure for payment of such remuneration are determined by the authorized body.

The amount of the basic remuneration of a temporary administrator, rehabilitation, temporary and bankruptcy managers, payable within the limits established by the authorized body, is set by a meeting of creditors.

2. Additional remuneration to rehabilitation and bankruptcy managers shall be paid from the property of the debtor within the limits established by this paragraph, on the basis of decision of the creditors' meeting in cases of:

1) return of illegally derived property and invalidation of transactions in the results of work of rehabilitation and bankruptcy managers on detection of such property or transactions;

the bankruptcy manager – up to two percent from the sum realized from selling returned property and directed for satisfying requirements of the creditors;

the rehabilitation manager – up to three percent from assessed cost of returned property;

2) recovery of debtor indebtedness:

the bankruptcy manager – up to two percent from the sum recovered and directed for satisfying requirements of the creditors;

the rehabilitation manager – up to three percent from the recovered sum of such debts.

Footnote. Article 13 as amended by the Laws of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its

first official publication); dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 14. Competence of the Government of the Republic of Kazakhstan in the field of rehabilitation and bankruptcy

Government of the Republic of Kazakhstan shall perform the functions provided by this Law and other functions imposed on it by the Constitution, Laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

Article 15. Competence of the authorized body

Authorized body shall:

1) maintain the register of notifications of persons entitled to carry out the activity of an administrator;

2) appoint candidacy to the rehabilitation or bankruptcy managers nominated by the creditors' meeting;

3) dismiss rehabilitation and bankruptcy managers;

4) carry out the state control of conducting rehabilitation procedure and bankruptcy proceeding;

5) consider the current information of the rehabilitation manager on the course of carrying out the rehabilitation procedure, the temporary manager on the course of collecting details on financial status of the debtor and bankruptcy proceeding, the bankruptcy manager on the course of conducting the bankruptcy proceeding;

6) approve the forms of concluding report of the rehabilitation and bankruptcy managers;

- 7) request confirming documents from the participant of a financial sanation;
- 8) carry out control of compliance with the procedure for holding electronic property (active assets) auction of the debtor;
- 9) coordinate sale by the temporary manager of the bankrupt's property in case provided by this Law;
- 10) detect the signs of false and premeditated bankruptcy;
- 11) consider complaints against the actions of the administrator;
- 12) take measures on detection of transactions consummated upon circumstances mentioned in Article 7 of this Law;
- 13) determine procedure for accounting of administrators, appointment and dismissal of rehabilitation and bankruptcy managers, as well as procedure for raising qualification of the administrator;
- 14) approve standard forms of a temporary administrator's and bankruptcy manager's report on the effectiveness (ineffectiveness) of a rehabilitation plan;
- 15) request and receive information on insolvency and insolvent debtors from the state bodies, legal entities and their civil servants;
- 16) provide information to the temporary and bankruptcy managers on existence and numbers of banking accounts of the person in respect of whom there is the court decision that entered into legal force on declaring as bankrupt, on balances and financial motions on these accounts;

17) contest decisions and actions (omission) of the administrator in court in case of detection of the breach of this Law;

18) render electronic services with application of informational systems in accordance with the legislation of the Republic of Kazakhstan on informatization;

19) draw up protocols and consider the cases on administrative infractions, impose administrative sanctions within the competence in cases and in the manner established by the Law;

20) *is excluded by the Law of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015);*

21) carry out and give explanations and comments within the competence on introduction, conduct and termination of rehabilitation procedures and bankruptcy proceedings;

22) approve standard form conclusions of the temporary manager on financial status of the debtor;

23) publish the list of bankrupts on the web-site of the authorized body in respect of whom there are court decisions on declaring them as bankrupts that entered into legal force;

23-1) is excluded by the Law of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication);

23-2) develop procedure for conduct of qualifying exam;

24) exercise other powers 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 15 as amended by the Laws of the Republic of Kazakhstan dated 16.05.2014 No. 203-V (shall be enforced upon expiry of six months after the date of its first

official publication); dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication).

Article 16. Interaction of the authorized body with the state bodies

1. Authorized body shall interact with state bodies, ensure mutual informational exchange.
2. State bodies shall be obliged to render assistance to the authorized body in performance of tasks on carrying out the activity in the field of rehabilitation and bankruptcy.
3. Authorized body shall have the right to carry out interaction with state bodies by electronic methods in the manner established by the legislation of the Republic of Kazakhstan

Article 17. State control of conducting rehabilitation procedures and bankruptcy proceedings

1. State control of compliance with requirements of the legislation of the Republic of Kazakhstan upon conduct of rehabilitation procedures and bankruptcy proceedings shall be carried out by the authorized body.

2. State control of activity of the administrator shall be carried out in:

- 1) the form of inspections;
- 2) other forms of state control.

Other forms of state control shall include:

accounting of the persons having the right to carry out the activity of the administrator;

cameral control;

direction of requests;

receipt of information on the course of conducting the procedures.

4. The audit is carried out in accordance with the Entrepreneurial Code of the Republic of Kazakhstan.

Footnote. Article 17 as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016).

Article 18. Cameral control

1. Cameral control is a component part of the system of risk management.

2. Purpose of cameral control is provision of opportunity to the administrator to eliminate the violations detected by the authorized body following the results of cameral control on an independent basis.

3. Cameral control shall be carried out by the authorized body. Procedure and terms of conducting cameral control shall be approved by the authorized body.

4. In case of detection of the violations in actions (omission) of the administrator following the results of cameral control, the notification on elimination of the violations detected following the results of cameral control shall be drawn up accompanied by description of detected violations.

Footnote. Article 18 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 19. Direction of requests and receipt of information on the course of conducting the procedures

1. For the purpose of carrying out the control of activity of the administrators, the authorized body shall direct the requests.

2. State control, individual and legal entity in address of which the request is accepted, shall be obliged to divulge any confidential information (banking, tax, commercial secrecy) in cases and in the manner provided by the Laws of the Republic of Kazakhstan and provide copies of any documents containing confidential information concerning the debtor and rehabilitation procedures and bankruptcy proceeding carried out by the administrator.

3. The term of executing request is ten business days from the date of receipt of the request, with the exception of cases when the longer term of execution is specified in the request itself.

4. Administrator shall be obliged to provide information on the course of conducting procedures accompanied by copies of documents confirming the details introduced into provided information to the authorized body on an annual basis no later than the fifth day of month next to the accounting period.

The date of providing information on the course of conducting procedures by the administrator depending on method of its provision is:

1) in person – date of receipt of information on the course of conducting procedures by the authorized body;

2) by registered mail with notification – date of marking on receipt of postal or another communications organization.

Article 20. Notifications

1. The following notifications shall be directed to the administrator:

1) on elimination of violations detected in the results of inspection of activity of the previous administrator dismissed for these violations;

2) on elimination of violations detected in the results of cameral control of activity of the administrator.

2. Procedure, forms and terms of directing notifications mentioned in this Article, as well as procedure, terms and form of report on execution of notification mentioned in subparagraph 2) of paragraph 1 of this Article shall be established by the authorized body.

3. Notification shall be handed to the administrator in person against signature or by other method confirming the fact of sending and receiving.

By this, the notification directed by one of the methods stated below shall be considered as handed to the administrator in the following cases:

1) purposely – from the date of marking on receipt in notification by the administrator;

2) by electronic method – from the date of sending by the authorized body to electronic mail of the administrator, mentioned in the application during registration (reregistration) of the administrator in the authorized body.

Footnote. Article 20 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 21. Procedure for provision and receipt of current and requested information of the administrators

Current and requested information by the authorized body on the course of carrying out the rehabilitation procedure or bankruptcy proceeding shall be provided by the administrator to the authorized body in the form, procedure and terms established by the authorized body.

Footnote. Article 21 is in the wording of the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Chapter 2. CREDITORS

Article 22. Participation of creditors in accelerated rehabilitation procedure, rehabilitation procedure, bankruptcy proceeding

1. In the course of an accelerated rehabilitation procedure, rehabilitation procedure, bankruptcy proceeding, the interests of all the creditors shall be represented by the creditors' meeting created in accordance with this Law.

2. From the date of initiation of case on accelerated rehabilitation procedure, on rehabilitation, bankruptcy, the creditors shall have the right to refer to the debtor and (or) administrator for the purpose of satisfying own requirements only in the manner established by this Law.

3. Creditor shall have the right to appeal the court decision, action of the administrator in the course of conducting rehabilitation procedure or bankruptcy proceeding, if such decisions or actions infringe his (her) legal interests.

Footnote. Article 22 as amended by the Law of the Republic of Kazakhstan dated 22.04.2015 No. 308-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 23. Creditors' meeting

1. Right to participate in creditors' meeting upon accelerated rehabilitation procedure shall belong to all the creditors involved in a rehabilitation plan.

2. Right to participate in creditors' meeting upon rehabilitation procedure and bankruptcy proceeding shall belong to the creditors the requirements of which are included into the register of requirements of creditors for the date of holding the creditors' meeting.

Property owner of the debtor (body authorized by it), founders (participants) and representatives of the authorized body shall have the right to take participation in the creditors' meeting.

3. Powers of creditors' meeting are provided in Articles 34, 75 and 93 of this Law.

Article 24. Order of convening creditors' meeting

1. Organization and holding of the creditors' meeting shall be carried out by the debtor in cases provided by this Law, or administrator.

2. Creditors' meeting may be created at the initiative of:

1) debtor;

2) administrator;

3) creditors' commission;

4) creditors the requirements of which are no less than ten percent from total sum of requirements of the creditors included into the register, or no less than ten percent of total number of the creditors.

Article 25. Informational message on holding the creditors' meeting

1. For the purposes of this Law, creditors and also other persons entitled to participate in a meeting of creditors are deemed to be properly notified, if:

1) the authorized body published a notice on a meeting of creditors in the Kazakh and Russian languages on the Internet resource at least ten working days before the date of the meeting of creditors;

2) a notice on a meeting of creditors in the Kazakh and Russian languages was delivered to a creditor by hand against receipt at least ten working days before the date of the meeting of creditors;

3) a notice on a meeting of creditors was sent to a creditor by registered mail at least fifteen working days before the date of the meeting of creditors.

If it is not possible to find out the data required for personal notification at the place of permanent or primary residence or location, or there are other circumstances making such notification impossible, the proper notification of such persons shall be the publication of information on a meeting of creditors according to the procedure established in part one of this paragraph.

If the debtor has an Internet resource, it is mandatory to publish a notice on a meeting of creditors in the Kazakh and Russian languages on this Internet resource at least ten working days before the date of the meeting of creditors.

The effect of this paragraph does not extend to notifying creditors about the first meeting of creditors held in the course of rehabilitation or bankruptcy proceedings. The procedure for sending a notice on the first meeting of creditors to creditors is determined by:

paragraph 6 of article 72 of this Law - for rehabilitation proceedings;

paragraph 1 of article 91 of this Law- for bankruptcy proceedings.

An administrator shall, within two working days from the day of sending a notice on a meeting of creditors to creditors, submit a notice on the meeting of creditors in the Kazakh and Russian languages to the authorized body for placing it on the Internet resource of the authorized body.

The authorized body must place the notice on its Internet resource within two working days from the day of its receipt.

2. Message on holding the creditors' meeting shall contain the following details:

name, legal address of the debtor;

date, time and place of holding the creditors' meeting;

agenda of the creditors' meeting;

procedure for familiarization with materials subjected to consideration by the creditors' meeting.

3. In case of impossibility of directly participation in the meeting, the creditor shall have the right to vote by absentee ballot, as well as by registered mail or by electronic method, with the exception of the first creditors' meeting.

If the creditor votes by absentee ballot, he (she) shall inform the debtor, rehabilitation or bankruptcy manager about this no later than five business days before holding the meeting.

Rehabilitation or bankruptcy manager shall be obliged to direct or represent materials related to the agenda for familiarization of the creditor no later than three business days before holding the meeting.

Footnote. Article 25 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 26. Adoption of decisions by the creditors' meeting

1. Debtor or administrator shall conduct registration of the participants of the meeting before opening of the creditor's meeting.

2. A meeting of creditors shall be duly constituted, if it is attended by creditors, including those voting in absentia, having over fifty percent of the votes of the total number of votes of

creditors eligible to vote for a decision made by a meeting of creditors. A re-convened meeting of creditors shall be duly constituted, if it is attended by creditors having at least twenty-five percent of the votes of the total number of votes of creditors entitled to vote for a decision made by the meeting of creditors provided that the creditors were duly notified of the time and place of the meeting of creditors.

If a creditor fails to attend a meeting of creditors without a good reason for two times, the number of the votes of such a creditor shall not be counted for the purpose of recognizing the meeting of creditors to be duly constituted.

Given a confirming document , a reason is recognized to be good, if this is:

1) temporary incapacity for work of the creditor or his/her authorized representative;

2) an emergency situation preventing the creditor or his/her authorized representative from attending a meeting of creditors;

3) any other reason, which a meeting of creditors decides to be good.

3. Decision of the creditors' meeting shall be drawn up by the protocol.

4. Session of the creditors' meeting shall be held by the chairman elected from among attending creditors. The protocol shall be kept by the secretary elected from among attending creditors. The chairman and secretary shall be elected by majority votes. The protocol shall be signed by the chairman, administrator, secretary on a date of holding the meeting and shall be certified by the seal of the debtor (where available).

5. Decisions of a meeting of creditors shall be made by the majority of votes of the number of votes of creditors, including those voting in absentia, attending the meeting of creditors, except for cases of making decisions on the direct sale of the debtor's property (assets), the procedure for which is determined by paragraph 6 of article 99 of this Law, and making alterations and/or additions to a rehabilitation plan.

When a meeting of creditors makes a decision, for the purposes of counting the votes of creditors, a creditor shall be deemed to be absent from the meeting in case of his/her refusal to vote.

To enable creditors to make a decision, an administrator determines the number of votes of each creditor on the “one tenge of claims - one vote” basis.

Penalty (fines, late fee), losses in the form of lost profits, as well as other property and (or) financial sanctions are not taken into account for the purposes of determining the number of votes at a meeting of creditors, unless otherwise provided for by this paragraph.

For the purposes of determining the number of votes at a meeting of creditors, creditors’ claims in the form of a penalty (fine, late fee), losses in the form of lost profits, as well as other property and (or) financial sanctions are taken into account in cases such as:

1) full satisfaction of claims of creditors having the right to vote for a decision at a meeting of creditors;

2) formation of a register of creditors’ claims consisting solely of those to pay penalty (fines, late fee), losses in the form of lost profits, other property and (or) financial sanctions by the decision of a court.

As claims of a creditor are satisfied, the number of his/her votes is reduced by the amount of satisfied claims.

When the issue of approval of a rehabilitation plan or making alterations and/or additions thereto is considered, those creditors shall vote, whose interests are affected by this plan or alterations and/or additions thereto, including creditors, whose claims are subject to satisfaction as part of claims of creditors of the same priority and (or) as part of claims of lower priorities.

The decision of a meeting of creditors on the approval of a rehabilitation plan or making alterations and/or additions thereto shall be made by the majority of votes of the number of

votes of creditors, whose interests are affected by the rehabilitation plan or alterations and/or additions thereto, including creditors, whose claims are subject to satisfaction as part of claims of creditors of the same priority and (or) as part of claims of lower priorities.

The decision to recognize a reason, for which a creditor failed to attend the meeting of creditors, to be good is made by a meeting of creditors without taking into account the votes of such a creditor.

6. Protocol of the creditors' meeting shall be drawn up in three copies, one of which after its signing shall be transferred to the authorized body within three business days, the second – to the creditors' commission, the third shall stay at the administrator.

The protocol of the creditors' meeting shall be accompanied by copies of:

the bulletin of the registration of the participants of meeting;

materials represented to participants of the meeting for familiarization and (or) approval;

documents certifying on proper notification of the creditors on date and place of holding the creditors' meeting;

other documents at the discretion of the debtor or administrator.

Footnote. Article 26 as amended by the Laws of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 22.04.2015 NO. 308-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 27. Creditors' commission

1. Creditors' commission shall be created upon accelerated rehabilitation procedure, rehabilitation procedure and bankruptcy proceeding in the manner established by this Law.

2. Composition of the creditors' commission shall be formed and approved by the creditors' meeting. Composition of the creditors' commission shall include the representatives from each group of homogeneous creditors. Minimal number of members in the creditors' commission may not be less than three persons, with the exception of cases of conducting the bankruptcy proceeding in respect of the debtor having only one creditor on taxes and other compulsory payments to the budget. Member of creditors' commission shall not be affiliated person.

3. the grounds for introduction of amendments to the formed and approved composition of the creditors' commission are:

1) execution of obligations before the creditor included to the composition of the creditors' commission;

2) circumstances impeding the creditor to be in composition of the creditors' commission (court acts that entered into legal force, liquidation or death of the creditor and others);

3) detection of affiliated persons;

4) non-attendance of the sessions of the creditors' commission by the member of creditors' commission more than twice without reasonable excuses.

4. Notification on holding the session of the creditors' commission shall be directed by the administrator by registered mail no later than five business days until the date of holding the session.

5. Powers of the creditors' commission are provided in Articles 76 and 94 of this Law.

Article 28. Adoption of decision by the creditors' commission

1. Session of the creditors' commission is competent before the Law upon participation of no less than three fourths of the commission's members.

2. Decision of the creditors' commission shall be adopted by majority votes of total number of members of the creditors' commission on a principle "one commission member – one vote".

In case of equality of votes in voting procedure, the chairman of the creditors' commission shall be provided by the right of casting vote.

3. Session of the creditors' commission shall be drawn up by the protocol.

Protocol shall contain details on a date and place of holding the session, members of the creditors' commission that took participation in voting, agenda, vote results and adopted decisions. Protocol shall be signed by all the members of the creditors' commission that participated in voting, and by the administrator and shall be affixed by the seal of the debtor (where available).

Within three business days from the date of signing the protocol, the administrator shall direct it to the authorized body, to the members of creditors' commission. One copy of the protocol shall stay at the administrator.

4. Creditors, property owner of the debtor (bodies authorized by them), founders (participants) shall have the right to participate in a session of the creditors' commission.

Footnote. Article 28 as amended by the Law of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015).

Chapter 2 -1. Insolvency resolution procedure

Footnote. The Law is supplemented by Chapter 2-1 in accordance with the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 28-1. Making a decision on insolvency resolution

1. In the event of occurrence of one or more conditions established by subparagraphs 1), 2) and 3) of paragraph 1 of article 5 of this Law, a debtor is entitled to make a decision on the resolution of his/her/its insolvency, before the debtor and (or) creditors petition the court for applying rehabilitation proceedings and (or) declaring the debtor bankrupt, unless otherwise established by this article.

2. The debtor files a petition for insolvency resolution to court attaching documents confirming his/her/its insolvency.

Concurrently with petitioning the court, the debtor notifies his/her/its creditors.

At the same time, the debtor is not entitled to file such a petition to court, unless one year expired since:

a court ruling to refuse to affirm an insolvency resolution agreement;

expiration of the term established by paragraph 1 of article 28-3 of this Law, provided that an insolvency resolution agreement is not concluded.

3. Within three working days from the date of accepting the debtor's petition for insolvency resolution, the court shall make one of the following decisions:

1) to apply an insolvency resolution procedure;

2) to refuse to apply an insolvency resolution procedure;

A ground for the court's refusal to apply a procedure for resolving the debtor's insolvency is the absence of signs of the debtor's insolvency provided for by subparagraphs 1), 2) and 3) of paragraph 1 of article 5 of this Law.

4. A court decision on the application of an insolvency resolution procedure shall be enforced immediately.

5. The debtor shall promptly notify the authorized body and creditors of the decision made by court.

6. The authorized body shall, within two working days from the date of receipt of the notice, place an announcement on the application of an insolvency resolution procedure in respect of the debtor in the Kazakh and Russian languages on the Internet resource of the authorized body .

Article 28-2. Consequences of the application of an insolvency resolution procedure

Consequences of a court decision on the application of an insolvency resolution procedure in respect of a debtor from the date of its entry into legal force may be as follows:

1) termination of accrual of penalty (late fee, fines) for all types of the debtor's indebtedness;

2) banning a creditor (creditors) from petitioning the court for declaring the debtor bankrupt within the period of concluding an insolvency resolution agreement;

3) banning the debtor from making any transactions for the alienation of property (assets).

Article 28-3. Insolvency resolution agreement

1. Within two months from the date of entry into legal force of a court decision on the application of an insolvency resolution procedure, a debtor is obliged to conclude an insolvency resolution agreement with all creditors.

2. The insolvency resolution agreement must contain provisions on the terms of the agreement, the procedure, methods and deadline for the fulfillment of the debtor's obligations to the creditor (creditors).

The insolvency resolution agreement is concluded for a period not exceeding three years.

3. Third parties are allowed to be parties to the insolvency resolution agreement provided that they assume the rights and obligations thereof.

4. The insolvency resolution agreement may be concluded on such terms as:

1) deferment and (or) extension of the deadline of the debtor's obligations;

2) assignment of the debtor's rights of claim;

3) full or partial forgiveness of debt;

4) writing-off a penalty (late fee, fines);

5) reducing the amount of interest rates for credits (loans) received;

6) satisfaction of claims of the creditor (creditors) in other ways that are not contrary to the legislation of the Republic of Kazakhstan.

5. The insolvency resolution agreement shall be drawn up in written form in the Kazakh and Russian languages and signed by the debtor, the owner of the debtor's property, a founding shareholder (participant) of the debtor or his/her/its authorized person and each creditor.

If a creditor disagrees with the terms of the agreement, such an agreement shall not be concluded.

Article 28-4. Affirmance of an insolvency resolution agreement by court

1. A debtor shall, within the period specified in paragraph 1 of article 28-3 of this Law, petition the court for the affirmance of an insolvency resolution agreement.

2. The debtor shall attach to the petition for the affirmance of the insolvency resolution agreement:

1) the insolvency resolution agreement signed by the debtor and creditor (creditors);

2) a list of all creditors indicating places of their residence or location, as well as amounts owed.

3. As a result of consideration of the debtor's petition for the affirmance of the insolvency resolution agreement, the court rules:

1) either to affirm the insolvency resolution agreement;

2) or to refuse to affirm the insolvency resolution agreement.

4. Grounds for the court's refusal to affirm the insolvency resolution agreement are as follows:

1) violation of the rights and legal interests of creditors and (or) third parties;

2) the insolvency resolution agreement is contrary to the legislation of the Republic of Kazakhstan.

5. The insolvency resolution agreement is binding on the debtor, creditor (creditors) and/or third parties to the agreement, from the date of entry into legal force of a court decision on the affirmance of such an agreement.

6. If the court refuses to affirm an agreement, the resolution of the debtor's insolvency is considered complete and the effect of consequences applied to the debtor in accordance with article 28-2 of this Law is terminated from the date of entry into legal force of the court decision to refuse to affirm the insolvency resolution agreement.

7. A creditor (creditors) has (have) the right to petition the court for:

1) terminating the insolvency resolution agreement and declaring the debtor bankrupt in case of violation of the terms of such an agreement by the debtor;

2) declaring the debtor bankrupt if:

an insolvency resolution agreement was not concluded within the period established by paragraph 1 of article 28-3 of this Law; the court ruled to refuse to affirm the insolvency resolution agreement.

8. Third parties specified in paragraph 3 of article 28-3 of this Law are entitled to petition the court for terminating the insolvency resolution agreement in case of violation of the terms of such an agreement by the debtor.

9. A creditor (creditors) may not, during the validity period of an insolvency resolution agreement, petition the court for declaring the debtor bankrupt, if the debtor complies with all the terms of such an agreement.

Article 28-5. Consequences of the affirmance of an insolvency resolution agreement by court

Consequences of a court ruling to affirm an insolvency resolution agreement, from the date of its entry into legal force, may be as follows:

1) termination of accrual of penalty (late fee, fines) for all types of the debtor's arrears;

2) lifting of all state bodies' restrictions on the debtor's accounts without relevant decisions of the bodies that imposed them;

3) termination of execution of previous court decisions, arbitral awards, except for payments to citizens, to whom the debtor is liable for causing damage to their life or health without account of claims of compensations for non-pecuniary damage, which became due after the conclusion of the insolvency resolution agreement;

4) imposition of new arrests on the debtor's property and other restrictions on the disposal of his/her/its property is permitted only with regard to claims, brought against the debtor, for recognizing the transaction to be invalid and reclamation of property from unlawful possession.

Footnote. Article 28-5 as amended by the Law of the Republic of Kazakhstan dated 08.04.2016 № 489-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Chapter 3. ACCELERATED REHABILITATION PROCEDURE

Article 29. Applying accelerated rehabilitation procedure

1. Accelerated rehabilitation procedure shall be applied upon conformance of the debtor to the following conditions:

1) the case of rehabilitation or on bankruptcy is not initiated in respect of the debtor;

2) the debtor is commercial organization;

3) the debtor is insolvent or will not be able to fulfill money obligations upon maturity of the term of their fulfillment in the twelve months ahead.

2. Accelerated rehabilitation proceedings are applied to the debtor for his/her/its obligations to the group (s) of homogeneous creditors, except for claims of citizens to whom the debtor is liable for causing damage to their life or health, paying labor remuneration and compensations to persons who worked under an employment contract, arrears of social contributions to the State Social Insurance Fund, mandatory pension contributions, mandatory professional pension contributions, mandatory social health insurance contributions and (or) fees, royalties under author contracts, taxes and other mandatory payments to the budget.

3. Accelerated rehabilitation procedure in respect of the debtor being participant of the measures of state support shall be applied under the obligations of any group (groups) of homogeneous creditors in accordance with the conditions of applying such measures.

4. Persons participated in a case on accelerated rehabilitation procedure are:

1) the debtor;

2) the creditors included to the group (groups) of homogeneous creditors involved in a rehabilitation plan.

5. Upon accelerated rehabilitation procedure, the court shall:

1) apply and terminate accelerated rehabilitation procedure;

2) approve rehabilitation plan, with the exception of plan of the debtor being participant of the measures of state support;

3) approve amendments and supplements to a rehabilitation plan, with the exception of plan of the debtor being participant of the measures of state support;

4) accept the cases to own proceeding on disputes of property nature on which the debtor acts as the defendant;

5) solve the disputes between the participants of an accelerated rehabilitation procedure;

6) approve concluding statement.

Footnote. Article 29 as amended by the Law of the Republic of Kazakhstan dated 16.11.2015 № 406-V (shall be enforced from 01.07.2017).

Article 30. Term of an accelerated rehabilitation procedure

Length of an accelerated rehabilitation procedure shall not exceed two years. Court shall have the right to prolong the term of carrying out the procedure upon the petition of the debtor with the agreement of the creditors' meeting, but no more than for six months.

In case of applying the measures of state support to the debtor, the court shall establish the term of procedure in accordance with the approved rehabilitation plan.

Article 31. Application of the debtor on applying accelerated rehabilitation procedure

1. In existence of possibility on restoration of solvency, prevention of occurrence of insolvency, the debtor shall have the right to refer to the court with application on applying accelerated rehabilitation procedure.

2. Application of the debtor shall be filed to the court in written form. It shall be signed by the head of the debtor or by the person substituting it in accordance with the constitutive documents.

3. Application of the debtor shall contain:

1) name of court to which the application is filed;

2) details on a sum of credit debt;

3) information on approval of rehabilitation plan by the creditors;

4) substantiation of impossibility to satisfy requirements of the creditors including the reasons of impossibility of timely redemption of future payments;

5) details on available property of the debtor, as well as the property impaired by the pledge, being in property lease (rent) and (or) in financial lease, on money being on banking accounts, numbers of accounts and location of banks, on sum of debtor indebtedness;

6) details on obligations of the debtor, the term of fulfillment of which is not matured;

7) written obligation of the debtor on divulgence of information to the creditors required for adoption of decisions;

8) obligation of the debtor that the creditors related to the groups of homogeneous creditors, not involved in a rehabilitation plan will receive payments due within regular commercial operations and the represented rehabilitation plan does not change and affect their rights;

9) list of accompanied documents.

Application of the debtor may include the other details, if the debtor considers that they are necessary for consideration of the case in court.

Requirements of subparagraphs 4), 5), 6) and 8) of a part one of this paragraph shall not apply to the debtor being participant of the measures of state support.

4. Expenses on initiation of an accelerated rehabilitation procedure shall be covered on account of the debtor's funds.

5. Application of the debtor on applying accelerated rehabilitation procedure shall be accompanied by the documents confirming:

1) payment of state duty in established manner and amount;

2) existence of debts or its occurrence, as well as other documents confirming failure of the debtor to satisfy requirements of the creditors;

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

Debtor that is the participant of the measures of state support shall represent additionally the document confirming a status of a participant of such measures.

Requirements of subparagraph 2) of a part one of this paragraph shall not apply to the debtor being participant of the measures of state support.

6. Application of the debtor shall be accompanied by:

1) rehabilitation plan;

2) list of creditors with specification of sum of indebtedness, date of its creation and break down of homogeneous creditors by groups;

3) protocol of session and (or) written confirmation on approval of a rehabilitation plan by the creditors, sum of requirements of which is more than fifty percent from total sum of requirements of each group (groups) of homogeneous creditors involved in a rehabilitation plan;

4) details on the claims took over by courts against the debtor, as well as on requirements submitted to indisputable (acceptance-free) write-off;

5) list of members of the creditors' body, if such body was created by the creditors during the period of consideration and coordination of a rehabilitation plan;

6) copies of the constitutive documents.

Requirements of subparagraphs 2), 3) and 4) of a part one of this paragraph shall not apply to the debtor being participant of the measures of state support.

7. All the documents accompanied to the application of the debtor shall be signed by the person that filed the application and shall be affixed by the seal (when available).

8. Application of the debtor on applying accelerated rehabilitation procedure shall be returned by the court without consideration in cases if:

1) the debtor does not conform to conditions established by Article 29 of this Law;

2) application does not conform to requirements established by this Article.

Footnote. Article 31 as amended by the Law of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015).

Article 32. Initiation of proceeding with regard to case on accelerated rehabilitation procedure and its consequences

1. After receipt of the application on applying accelerated rehabilitation procedure conforming to requirements established in Article 31 of this Law, the court shall issue regulation on initiation of case no later than five business days after receipt of the application.

2. From the date of initiation of the proceeding with regard to case on accelerated rehabilitation procedure:

1) the property owner of the debtor (body authorized by it), founders (participants), all the bodies of legal entity shall be prohibited to use and sell the property outside the regular commercial operations;

2) the execution of decisions previously made by courts, arbitration tribunals on claims of creditors belonging to the group of homogeneous creditors included in the rehabilitation plan, as well as owners of the property of the debtor (his/her/its authorized bodies), founding shareholders (participants) in respect of his/her/its property is suspended until a court makes a decision to terminate accelerated rehabilitation proceedings;

3) initiation of bankruptcy case upon application of the creditor (creditors) included to the group of homogeneous creditors involved in a rehabilitation plan shall not be allowed;

4) initiation of bankruptcy case upon application of the creditor (creditors) in case of gaining a status of participant of the measures of state support by the debtor;

5) the debtor shall be obliged to direct notification on initiation of the proceeding with regard to case within five business days to each creditor of the group of homogeneous creditors involved in a rehabilitation plan;

6) the creditors shall have the right to direct objection to the court within five business days from the date of receipt of notification, considering the case on accelerated rehabilitation procedure, in case of non-agreement with the sums of credit indebtedness mentioned in the notification;

7) recovery of money from banking accounts of the debtor upon demand of the creditors involved in accelerated rehabilitation procedure, as well as subjected to satisfying in indisputable (acceptance-free) manner, as well as levy of execution upon the property of the debtor shall not be allowed.

3. Notification directed by the debtor to the creditors shall contain:

1) information on initiation of case on accelerated rehabilitation procedure;

2) name of the court that issued regulation on initiation of case on accelerated rehabilitation procedure and its location;

3) sum of requirements of the creditor stated in documents accompanied to the application on applying accelerated rehabilitation procedure, as well as total sums of requirements of the group (groups) of homogeneous creditors participated in accelerated rehabilitation procedure;

4) information on possibility of filing an objection by the creditor to the court in case of disagreement with mentioned sums of credit indebtedness within five business days from the date of receipt of notification.

4. Copies of notices, originals of notifications with confirmation of their receipt by the creditors or impossibility of their handling by the reason of absence of the creditor at location, shall be represented by the debtor to the court within ten business days from the date of initiation of the proceeding with regard to case on accelerated rehabilitation procedure.

Footnote. Article 32 as amended by the Law of the Republic of Kazakhstan dated 08.04.2016 № 489-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 33. Consideration of case in court

1. Upon preparation of case on accelerated rehabilitation procedure to the judicial proceeding, the court shall notify the creditors involved in accelerated rehabilitation procedure, and the prosecutor on a time and place of considering the case in court besides the actions provided by the legislation of the Republic of Kazakhstan.

2. Upon completion of preliminary preparation of the case, but no later than fifteen calendar days after its initiation, the case on accelerated rehabilitation procedure shall be set for judicial proceeding, on which the court shall issue regulation.

Case on accelerated rehabilitation procedure shall be considered by the court within the term not exceeding one month from the date of initiation of the case.

3. Term of preliminary preparation of case on accelerated rehabilitation procedure shall not exceed fifteen calendar days from the date of initiation of the case.

4. Court decision on applying accelerated rehabilitation procedure shall be issued by the court upon performance of the following conditions:

1) the debtor in the course of judicial proceeding proved insolvency or impossibility of fulfilling money obligations, the term of fulfillment of which is matured in the next twelve months;

2) the debtor performed requirements in full measures on notifying the creditors on initiation of the proceeding with regard to case;

3) property interests of those that disagreed to apply accelerated rehabilitation procedure of the creditors are respected by rehabilitation plan;

4) requirements of creditors that proved rehabilitation plan are more than fifty percent of total sum of requirements of the relevant group (groups) of homogeneous creditors.

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

5. Court decision shall contain:

1) name of the debtor, its location, details on banking accounts, business identification numbers, last name, first name, patronymic (when available) of the head, phone number;

2) specification on applying accelerated rehabilitation procedure;

3) specification on approval of a rehabilitation plan, with the exception of cases of applying accelerated rehabilitation procedure to the debtor that is participant of the measures of state support;

4) details on the term of an accelerated rehabilitation procedure;

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

6) sum of requirements of the group (groups) of homogeneous creditors involved in a rehabilitation plan;

7) specification on occurrence of circumstances of applying accelerated rehabilitation procedure provided by this Law;

8) specification on representation of conclusive statement by the debtor about the results of executing a rehabilitation plan.

6. Court shall refuse in applying accelerated rehabilitation procedure in cases when:

1) the debtor did not confirm insolvency and (or) absence of possibility of timely redemption of future payments in the course of judicial proceeding;

2) the debtor did not perform requirements of paragraph 4 of Article 32 of this Law and the debtor did not prove impossibility of notifying the creditor by the reason of his (her) absence at location;

3) notification on initiation of the proceeding with regard to case directed to the creditors do not conform to requirements of paragraph 3 of Article 32 of this Law;

4) property interests of those disagreed to apply accelerated rehabilitation procedure of the creditors are not considered by a rehabilitation plan;

5) rehabilitation plan changes and affects the rights of the creditors that do not relate to the group of homogeneous creditors that coordinated rehabilitation plan;

6) documents represented by the debtor do not confirm approval of a rehabilitation plan by the creditors that are more than fifty percent of total sum of requirements of each group of homogeneous creditors involved in a rehabilitation plan.

Requirements of subparagraph 5) and 6) of a part one of this paragraph shall not apply to the debtor that is participant of the measures of state support.

Article 34. Creditors' meeting upon accelerated rehabilitation procedure

1. The first creditors' meeting shall be held within the term no later than one month from the date of issuance of the court decision on applying accelerated rehabilitation procedure.

2. In case of applying accelerated rehabilitation procedure to the debtor that is participant of the measures of state support, the powers of the creditors' meeting and commission established by this Law shall apply to the bodies of the creditors of the debtor formed within the above mentioned measures.

3. Expenses for holding the creditors' meetings, sessions of the creditors' commissions, notifying the creditors shall be covered on account of the funds of the debtor.

4. Exclusive competence of the creditors' meeting is:

1) adoption of decisions on creation of the creditors' commission;

2) determination of number and approval of composition of the creditors' commission and candidacy for the chairman of the creditors' commission;

3) introduction of amendments into composition of the creditors' commission;

4) coordination of amendments and supplements in rehabilitation plan;

5) determination of the procedure for bringing the information on the course of carrying out accelerated rehabilitation procedure to the notice of the creditors by members of the creditors' commission;

6) coordination of transactions outside the regular commercial operations not provided by a rehabilitation plan;

7) giving of information for prolongation of the term of an accelerated rehabilitation procedure;

8) coordination of conclusive statement;

9) other powers provided by this Law.

Article 35. Rehabilitation plan

1. Rehabilitation plan shall contain specific measures on restoration of solvency of the debtor (rehabilitation measures), prevention of occurrence of insolvency due to impossibility of extinction of the obligations, the term of fulfillment of which is not matured, and the schedule of redemption of debts and (or) future payments before the groups of homogeneous creditors participating in accelerated rehabilitation procedure.

Amendments and supplements to a rehabilitation plan shall be introduced with the agreement of the creditors' meeting and shall be approved by the court.

2. Rehabilitation measures may include any organizational economic, technical, financial economic, legal and other measures not inconsistent with the legislation of the Republic of Kazakhstan oriented to restoration of solvency of the debtor including sanitation, sale of

property (assets) by holding electronic auction, assignment of rights of demand of the debtor, remission of a part of the sum of main debt, remission of late fee and fines, exchange of debts for assets, conclusion of amicable agreement and others.

3. In case if obtaining of credits (microcredits) is a source of attracting money according to rehabilitation plan, as well as if it provides measures of state support, it shall be accompanied by the contract for obtaining of credit (microcredit) or favourable decision of a financial organization (microfinancing organization), or by the document confirming obtainment of a status of participant of measures of state support.

Article 36. Consequences of applying accelerated rehabilitation procedure and approval of rehabilitation plan

1. From the date of issuance of decision by the court on applying accelerated rehabilitation procedure and approval of rehabilitation plan, the following consequences shall occur:

1) property owner of the debtor (body authorized by it), founder (participants), all the bodies of legal entity shall be prohibited to use and sell property outside regular commercial operations, with the exception of those provided by a rehabilitation plan without the consent of the creditors' meeting or other bodies of the creditors created upon applying the measures of state support to the debtor;

2) suspension of the execution of decisions previously made by courts, arbitration tribunals on claims of creditors belonging to the group of homogeneous creditors included in a rehabilitation plan, as well as owners of the property of the debtor (his/her/its authorized bodies), founding shareholders (participants) in respect of his/her/its property;

3) initiation of bankruptcy case upon application of the creditor (creditors) included to the group of homogeneous creditors involved in a rehabilitation plan shall not be allowed;

4) initiation of bankruptcy case upon application of the creditor (creditors) in case of applying the measures of state support to the debtor shall not be allowed;

5) recovery of money from banking accounts of the debtor upon demand of the creditors involved in accelerated rehabilitation procedure, as well as subjected to satisfying in indisputable (acceptance-free) manner, as well as levy of execution upon the property of the debtor shall not be allowed.

2. Within the term of an accelerated rehabilitation procedure, the debtor shall be obliged to bring the information on financial status, consummated transactions in the course of regular commercial operations for the previous month to notice of the creditors' commission, provide any information upon request of the creditors' commission no later than 15 day of each month .

3. Calculations with the creditors involved in a rehabilitation plan shall be carried out in accordance with the schedule of redemption provided by rehabilitation plan.

4. Calculations with the rest creditors not involved in accelerated rehabilitation procedure shall be made within regular commercial operations.

Footnote. Article 36 as amended by the Law of the Republic of Kazakhstan dated 08.04.2016 № 489-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 37. Termination of an accelerated rehabilitation procedure

1. Accelerated rehabilitation procedure shall be terminated by the court in cases of:

1) representation of conclusive statement coordinated with the creditors' meeting;

2) expiration of the term of an accelerated rehabilitation procedure, if there are no grounds for prolongation of the term;

3) detection of violations upon performance of rehabilitation plan, as well as rules of this Law on the basis of decision of the creditors' meeting upon application of the person authorized by the meeting;

4) filing application by the creditor in respect of whom the debtor does not perform the schedule of redemption within the term of more than three months;

5) initiation of bankruptcy case upon application of the creditor not related to the group of homogeneous creditors involved in a rehabilitation plan, or the creditor the requirements of whom are occurred during the period of conducting accelerated rehabilitation procedure;

6) filing application by the creditor included to the group of homogeneous creditors involved in a rehabilitation plan, the rights and legal interests of whom are infringed and (or) not considered by a rehabilitation plan.

2. From the date of termination of an accelerated rehabilitation procedure, the restrictions established by Article 36 of this Law shall be removed, the creditors shall realize their rights in accordance with the legislation of the Republic of Kazakhstan.

Chapter 4. CONSIDERATION OF CASES ON REABILITATION OR BANKRUPTCY IN A JUDICIAL PROCEEDING

Article 38. Procedure for initiation of case on rehabilitation or bankruptcy

1. Proceeding with regard to case on rehabilitation shall be initiated in a court on the basis of the application of the debtor or creditor (creditors), with the exception of the creditor on taxes and other compulsory payments to the budget in existence of the grounds provided by Article 5 of this Law.

The debtor shall have the right to direct the application to the court on applying rehabilitation procedure within the term not exceeding ten calendar days from the date of receipt of copy of court regulation on initiation of bankruptcy case.

1-1. Is excluded by the Law of the Republic of Kazakhstan dated 22.04.2015 No. 308-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

2. Proceeding on bankruptcy case shall be initiated in court on the basis of the application of the debtor, creditor (creditors) in existence of the grounds provided by Article 5 of this Law, prosecutor in cases provided by Article 47 of this Law, rehabilitation manager in case provided by Article 82 of this Law.

3. Body of state revenues and other authorized state body in respect of taxes and other compulsory payments to the budget, as well as other individuals and legal entities – creditors on civil and other obligations shall have the right to file application of the creditor to the court on declaration of the debtor as bankrupt.

4. Proceeding with regard to case on rehabilitation or bankruptcy shall be considered as initiated from the date of issuance of the regulation by the court on acceptance of the application for proceeding on applying rehabilitation procedure or on declaration of the debtor as bankrupt.

5. Application filed by the debtor, rehabilitation manager on declaration as bankrupt may not be revoked without the relevant court decision. Application of the creditor (creditors), with the exception of cases of filing the application on the grounds provided by Article 82 of this Law, prosecutor may be revoked by them before adoption of decision on declaring the debtor as bankrupt.

Footnote. Article 38 as amended by the Laws of the Republic of Kazakhstan dated 07.11.2014 No. 248-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 22.04.2015 No. 308-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 39. Persons participated in case on rehabilitation or bankruptcy

Persons participated in case on rehabilitation or bankruptcy may be:

1) the debtor;

2) the creditors;

- 3) representative of the creditors on payment for labour;
- 4) prosecutor;
- 5) property owner of the debtor or person authorized by it;
- 6) authorized body;
- 7) temporary manager;
- 8) rehabilitation manager.

Article 40. Application of the debtor

1. The debtor shall have the right to refer to the court on applying rehabilitation procedure or declaring it as bankrupt on the basis of decision:

- 1) of the body of legal entity authorized by its constitutive documents;
- 2) property owner of the debtor or body authorized by it.

2. Debtor shall be obliged to refer to the court with the application on declaring it as bankrupt in cases established by subparagraphs 1) – 3) of paragraph 2 of Article 11 of this Law.

Article 41. Form and content of application of the debtor

1. Application of the debtor shall be filed to the court in written form. It shall be signed by the head of the debtor – legal entity or person substituting it in accordance with the constitutive documents.

2. Application of the debtor shall contain:

- 1) name of court to which the application is filed;
- 2) substantiation of impossibility to satisfy the requirements of the creditors;
- 3) details on its available property, as well as the property impaired by the pledge, being in property lease (rent) and (or) in financial lease, on money being on banking accounts, numbers of accounts and location of banks, list of obligors with specification of their location and sum of their debts;
- 4) details on obligations, the term of which is not matured;
- 5) information on attributing the activity to the natural monopoly sphere or this debtor's being a market entity that holds a monopoly position in the commodity market;
- 6) list of accompanied documents.

Application of the debtor may include the other details, if they are necessary for consideration of bankruptcy case or rehabilitation, as well as petitions of the applicant.

At the same time with filing the application to the court, the debtor shall be obliged to direct copies of application and accompanied documents to the authorized body.

Footnote. Article 41 as amended by the Law of the Republic of Kazakhstan dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017).

Article 42. Documents accompanied to application of the debtor

1. Application of the debtor on declaring it as bankrupt shall be accompanied by the documents confirming:

1) payment of state duty in established manner and amount;

2) existence of debts, as well as inability of the debtor to satisfy requirements of the creditors;

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

2. Application of the debtor on declaring it as bankrupt shall be also accompanied by:

1) decision of owner of its property, body authorized by it or founders (participants), bodies of legal entity that is the ground for reference of the debtor to the court with application on declaring it as bankrupt;

2) financial accountability for three last years and for the date of filing application, tax accountability by all the obligations of the debtor for mentioned period, list of all the creditors and obligors (individual identification number or business identification number, last name, first name, patronymic (when available) and (or) full name, legal address) with specification of sums and date of formation of the relevant debts (in case of existence of branch organizations, the consolidated financial accountability shall be enclosed);

3) protocol of the creditors' meeting (conference) on payment for labour on which their chairman is elected for participation in a bankruptcy case by secret voting;

4) copies of constitutive documents;

5) the report of the authorized body in charge of natural monopolies submitted by it within ten calendar days from the receipt of the debtor's written notice about his/her/its petitioning the court for declaring him/her/it bankrupt, if the debtor is a natural monopoly entity;

6) is excluded by the Law of the Republic of Kazakhstan dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017);

7) details on claims against the debtor took over by the courts, as well as on requirements submitted to indisputable (acceptance-free) write-off.

3. Application of rehabilitation manager on termination of rehabilitation procedure and declaration of the debtor as bankrupt shall contain details and documents provided by paragraphs 1 and 2 of this Article, with the exception of provided by subparagraphs 1), 3) and 7) of paragraph 2 of this Article.

4. Application of the debtor on applying rehabilitation procedure shall be accompanied by the document confirming:

1) payment of state duty in established manner and amount;

2) existence of debts, as well as inability of the debtor to satisfy requirements of the creditors or a threat of insolvency when the debtor will not be able to fulfill money obligations upon maturity of the term of their fulfillment in the following twelve months;

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

5. Application of the debtor on applying rehabilitation procedure shall be also accompanied by:

1) decision of property owner of the debtor (body authorized by it), founders (participants), bodies of legal entity that is the ground for reference of the debtor to the court with application on applying rehabilitation procedure;

2) financial accountability for the last three years, the list of all creditors and obligors (individual identification number or business identification number, last name, first name, patronymic (when available) and (or) full name, legal address) with specification of sums and date of formation of the relevant debts, as well as details on financial status including the details on assets, obligations and own capital for the date of filing the application (in case of

existence of branch organizations, the consolidated financial accountability shall be accompanied);

3) details on claims against the debtor accepted for proceeding, as well as on requirements submitted to indisputable (acceptance-free) write-off.

4) copies of constitutive documents.

6. In the case provided for by paragraph 4 of article 95-1 of this Law, the debtor shall also attach to the application for rehabilitation proceedings the following documents:

1) the rehabilitation plan, agreed in accordance with the procedure provided for by article 95-1 of this Law;

2) minutes of a meeting of creditors on the approval of the rehabilitation plan;

3) the bankruptcy manager's report on the effectiveness (ineffectiveness) of the rehabilitation plan.

Footnote. Article 42 as amended by the Laws of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017).

Article 43. Return of application of the debtor without consideration

1. Reference of the debtor to the court with application on applying rehabilitation procedure or declaring as bankrupt not conforming to requirements provided by Articles 41 and 42 of this Law is the ground for return of application without consideration.

2. In cases when reference to the court with application on declaring as bankrupt is compulsory for the debtor in accordance with this Law and the application is not accompanied by necessary documents, such application shall be accepted by the court for

proceeding, and deficient documents shall be requested by the court in the manner of preparation of case to the court proceeding.

Article 44. Application of the creditor (creditors)

1. Case on bankruptcy or rehabilitation may be initiated on the basis of application of the creditor (creditors) in civil and other obligations.

2. Application of the creditor (creditors) shall include)

1) name of court to which the application is filed;

2) last name, first name, patronymic (when available), location of the debtor – individual entrepreneur or name, location of the debtor – legal entity;

3) last name, first name, patronymic (when available), residence place of the creditor (creditors) – individual or name, location of the creditor (creditors) – legal entity;

4) obligation of the debtor before the creditor (creditors) from which his (her) requirement is occurred, the term of fulfilling this obligation;

5) essence and sum of requirements of this creditor (creditors) to the debtor;

6) sum of debts on obligation and remuneration (behalf), penalty (fine, late fee) accrued on this sum and losses subjected to recovery from the debtor;

7) established legal grounds of requirements of the creditor (creditors) (court decision, recognition of these requirements by the debtor, and in their absence – proves confirming the relevancy of the requirements of the creditor (creditors) and their sums);

8) details known to the creditor (creditors) about available property of the debtor;

9) information that the debtor is absent upon filing application on declaring the absent debtor as bankrupt;

10) list of attached documents;

11) prove of reference to the debtor with demands;

12) other details if they are necessary for consideration of case on bankruptcy or rehabilitation.

3. At the same time with filing application to the court, the creditor (creditors) shall be obliged to direct copies of the application and accompanied documents to the debtor, authorized body.

4. Application of the creditor (creditors) that do not conform to requirements provided by paragraphs 2 and 3 of this Article, as well as filed without attachment of necessary documents shall be returned by the court without consideration.

Footnote. Article 44 as amended by the Law of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015).

Article 45. Documents attached to application of the creditor

1. Application of the creditor on declaring the debtor as bankrupt shall be accompanied by the documents confirming:

1) payment of state duty in established manner and amount;

2) direction of copies of the application of the creditor and accompanied documents to the debtor and authorized body;

3) obligations of the debtor before the creditor, as well as existence and sum of debts on these obligations;

4) substantiation of requirements of the creditor (enforcement documents, court decision or written recognition of requirements of the creditor by the debtor);

5) documents confirming that the debtor is absent in cases of filing the application on declaring the absent debtor as bankrupt;

6) other circumstances on which application of the creditor is based.

2. Application of the creditor on taxes and other compulsory payments to the budget shall be accompanied by petition on compensation for administrative costs by him (her) linked with initiation of bankruptcy case and conduct of bankruptcy proceeding, if there are the following circumstances in case of accumulation:

1) there are no assets of the debtor;

2) there are no transactions of the debtor subjected to invalidation;

3) there are no assets of civil servants of the debtor the obligations of which include performance of requirements provided by subparagraph 1) – 4) of paragraph 2 of Article 11 of this Law.

3. Application of the creditor (creditors) on applying rehabilitation procedure shall be accompanied by the documents confirming:

1) payment of state duty in established manner and amount;

2) direction of the copy of application and accompanied documents to the debtor;

3) obligations of the debtor before the creditor, as well as existence and sum of debts on these obligations;

4) *is excluded by the Law of the Republic of Kazakhstan dated 22.04.2015 No. 308-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication)*;

5) other circumstances (when available) on which application of the creditor is based.

Footnote. Article 45 as amended by the Laws of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 22.04.2015 No. 308-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 46. Connection of requirements of one or several creditors

1. Creditor shall have the right to connect several requirements to the debtor I one application on different obligations.

2. Creditors shall have the right to combine own requirements to the debtor and refer to the court with one application. Such application shall be signed by the creditors that combined the requirements.

Article 47. Application of the prosecutor

1. Prosecutor shall refer to the court with application on declaring the debtor as bankrupt:

1) when he (she) detected signs of premeditated bankruptcy;

2) in behalf of the creditor – Republic of Kazakhstan, state bodies.

2. Application of the prosecutor shall be filed to the court in compliance with requirements provided by this Law in respect of application of the creditor, unless otherwise

provided by the legislative acts of the Republic of Kazakhstan or followed from the essence of legal relations.

Article 48. Initiation of the proceeding with regard to case on rehabilitation or bankruptcy

1. After receipt of application on applying rehabilitation procedure or declaration of the debtor as bankrupt conforming to requirements established by this Law, the court shall issue regulation no later than five business days after receipt of the application on initiation of case, and in case provided by paragraph 1 of Article 53 of this Law – no later than three business days from the date of issuance of the regulation on suspension of proceeding on bankruptcy case.

Regulation on initiation of case shall contain obligation of state and other bodies carrying out registration of rights to property, on imposition of restrictions provided by paragraph 1 of Article 50 of this Law.

2. Copies of court regulation on initiation of case shall be directed by the court to the debtor, applicant, authorized body, to the state and other bodies carrying out registration of rights to property, regional chamber of private officers of justice and to the territorial body of justice at location of the debtor.

3. The court, within two working days from the date of issuing the ruling on the case initiation, issues a ruling on the appointment of a temporary manager from among the persons, whose notifications are included in the register of notifications of persons entitled to carry out the activity of an administrator, data on whom, as of the date of the ruling, are placed on the Internet resource of the authorized body.

Selection of candidacy for temporary manager shall be carried out by the court considering existing work experience of the manager on main activity profile of the debtor.

Initiating proceedings on the case of rehabilitation and bankruptcy of a debtor carrying out the activity in the field of equity participation in the construction of residential houses (

residential buildings), the court appoints a candidature of the Housing Construction Guarantee Fund to be a temporary manager in the case provided for by paragraph 4 of article 38 of the Law of the Republic of Kazakhstan “On equity participation in housing construction”.

4. Court regulation on appointment of temporary manager shall contain specification about:

1) direction of a notice by the temporary manager within two business days from the date of his (her) appointment to the authorized body on initiation of bankruptcy case and procedure for filing requirements by the creditors in Kazakh and Russian languages for placing on the website of the authorized body;

2) formation of register of requirements of the creditors by the temporary manager in the manner established by Article 90 of this Law.

In case if bankruptcy case is initiated upon application of the creditor or prosecutor, the court regulation on appointment of temporary manager shall also contain specification:

1) on collecting details on financial status of the debtor and representation of conclusion to the court in the form established by the authorized body within the term not exceeding one month from the date of his (her) appointment;

2) on the date of representation of conclusion based on results of collecting details on financial status of the debtor by the temporary manager in the form established by the authorized body.

5. Court shall dismiss temporary manager within three business days from the date, when the court became known on occurrence of one of the grounds provided by paragraph 10 of Article 12 of this Law.

Court shall appoint the other temporary manager within one business day after the date of dismissing temporary manager in the manner established by this Law.

Footnote. Article 48 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 07.04.2016 № 487-V (shall be enforced upon expiry of six months after the day its first official publication).

Article 49. Conclusion of temporary manager

According to results of collecting details on financial status of the debtor, the temporary manager shall draw up conclusion of analytic nature containing the following summaries:

1) debtor is solvent, requirements of the creditor on declaring the debtor as bankrupt are unreasonable;

2) debtor is insolvent and there are grounds for declaring the debtor as bankrupt;

3) debtor is insolvent and there are grounds for applying rehabilitation procedures;

4) debtor is absent at the address stated in application on declaring the debtor as bankrupt and there are grounds for declaring it as bankrupt, but there is no property (assets) on behalf of which it is possible to carry bankruptcy proceeding;

5) there are no other creditors of the debtor except for the applicant;

6) debtor did not provide access to the temporary manager to financial statements that impeding drawing up the conclusion.

Conclusion provided by subparagraphs 5) and 6) of this article in existence of the grounds shall be drawn up by the temporary manager within the term no later than ten business days from the date of his (her) appointment.

Article 50. Consequences of initiation of the proceeding with regard to case on rehabilitation or bankruptcy

1. From the date of initiation of the proceeding with regard to case on rehabilitation or bankruptcy:

1) property owner of the debtor (body authorized by it), founders (participants), all the bodies of legal entity shall be prohibited to use and sell the property outside regular commercial operations without their coordination with the temporary manager;

2) suspension of execution of previous court decisions, arbitral awards, decisions of state revenue bodies, as well as owners (founding shareholders, participants) or bodies of a debtor with respect to his/her/its property except for payments to citizens, to whom the debtor is liable for causing damage to their life or health without account of claims of compensations for non-pecuniary damage;

3) any requirements of the creditors to the debtor may be submitted only within the rehabilitation procedure or bankruptcy proceeding, with the exception of requirements on execution of the guarantees and sureties by third parties, as well as levy of execution upon a pledge subject in cases when the pledgeholder is the third parties;

4) recovery of money from banking accounts of the debtor upon demands of the creditors, body of state revenues and other authorized state body carrying estimation and (or) collection of other compulsory payments to the budget including those subjected to satisfying in indisputable (acceptance-free) manner, as well as levy of execution upon property of the debtor shall not be allowed;

5) disposal of shares, interests in charter capital of the debtor shall not prohibited.

2. Court shall be obliged to publish a notice on initiation of the proceeding with regard to case on rehabilitation in Kazakh and Russian languages in periodic printed publications distributed in the whole territory of the Republic of Kazakhstan and the relevant administrative territorial entity at location of the debtor that obtained the right of official publication of regulatory legal acts in established manner, as well as on the website within the term not exceeding seven calendar days.

Publication of the notice shall be carried out on behalf the debtor that filed the application on applying rehabilitation procedure.

Footnote. Article 50 as amended by the Law of the Republic of Kazakhstan dated 07.11.2014 No. 248-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 08.04.2016 № 489-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 51. Ensuring of requirements of the creditors

Court shall have the right to take the following measures for ensuring requirements of the creditors upon application of the creditor, prosecutor or another person participated in a case:

- 1) arrest the property (part of property) belonging to the debtor, as well as money;
- 2) prohibit commission of actions to the debtor that may entail decrease of its property or otherwise affect interests of the creditors;
- 3) suspend recovery under enforcement or other documents according to which the recovery shall be made in indisputable (acceptance-free) manner;
- 4) other actions under recommendations of the temporary manager oriented to preserve the assets of the debtor for the period of considering the case.

Article 52. Preparation of case on rehabilitation or bankruptcy to judicial proceeding

1. Upon preparation of case on rehabilitation to judicial proceeding, the court shall notify the authorized body, debtor, creditors, prosecutor and other persons participated in case on time and place of consideration of the case at the court session, besides the actions provided by the legislation on civil proceeding of the Republic of Kazakhstan.

2. Copies of regulation on preparation to judicial proceeding of a bankruptcy case shall be directed to the authorized body, debtor, creditors, prosecutor and other persons participated in the case.

Article 53. Suspension and reopening of proceeding with regard to bankruptcy case

1. After receipt of application of the debtor on applying rehabilitation procedure within proceeding with regard to bankruptcy case, the court shall issue regulation on suspension of proceeding with regard to bankruptcy case no later than five business days after receipt of application with the consent of the creditor that initiated a bankruptcy case.

2. Copies of court regulation on suspension of proceeding with regard to bankruptcy case shall be directed by the court to the debtor, applicant, authorized body to the regional chamber of private officers of justice and territorial body of justice at location of the debtor.

3. Proceeding with regard to bankruptcy case that previously was suspended shall be reopened by the court in case of termination of rehabilitation procedure on the grounds provided by paragraph 6 of Article 59 and paragraphs 2, 3, 4 and 6 of Article 82 of this Law.

Footnote. Article 53 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 54. Judicial proceeding

1. Upon completion of preliminary preparation, the case of bankruptcy shall be set for judicial proceeding on which the court shall issue regulation.

Bankruptcy case initiated upon application of the debtor shall be considered at the court session within term not exceeding one month from the date of its initiation.

Bankruptcy case initiated upon application of the creditor or prosecutor shall be considered at the court session within the term not exceeding two months from the date of its initiation.

2. In case of non-attendance of the creditor that filed application on declaring the debtor as bankrupt at the court session, the court shall issue regulation on leaving the application without consideration.

In case of non-attendance of the debtor at the court session, the court shall issue regulation on compulsory bringing, with the exception when the debtor is absent.

3. Upon completion of preliminary preparation of case but no later than fifty calendar days after its initiation, the case on rehabilitation shall be set for judicial proceeding on which the court shall issue regulation.

Case on rehabilitation shall be considered at the court session within the term not exceeding one month from the date of its initiation.

Article 55. Judicial acts with regard to case on rehabilitation or bankruptcy

1. After consideration of case on rehabilitation or bankruptcy in judicial proceeding, the court may adopt one of the following judicial acts:

1) decision on declaring the debtor as bankrupt and its liquidation with initiation of bankruptcy proceeding;

2) decision on declaring the debtor as bankrupt and its liquidation without initiation of bankruptcy proceeding;

3) decision on refusal in declaring the debtor as bankrupt;

4) decision on applying rehabilitation procedure;

5) decision on refusal in applying rehabilitation procedure;

5-1) a ruling to revoke the decision to declare the debtor bankrupt and liquidate it with initiation of bankruptcy proceedings;

5-2) a decision to terminate bankruptcy proceedings, apply rehabilitation proceedings and approve the rehabilitation plan;

5-3) a decision to refuse to terminate bankruptcy proceedings, apply rehabilitation proceedings and approve the rehabilitation plan;

6) regulation on termination of proceeding with regard to the case;

6-1) a ruling to affirm the settlement agreement and terminate bankruptcy proceedings.

2. Decisions and regulation of court provided by paragraph 1 of this Article shall conform to requirements of the legislation on civil proceeding of the Republic of Kazakhstan considering special aspects provided by this Law.

Footnote. Article 55 as amended by the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 56. Decision on declaring the debtor as bankrupt and its liquidation with initiation of bankruptcy proceeding

1. Decision on declaring the debtor as bankrupt upon application of the creditor or prosecutor and its liquidation with initiation of bankruptcy proceeding shall be issued by the court with consideration of conclusion of the temporary manager on insolvency of the debtor and existence of grounds for declaring it as bankrupt, as well as in case of non-provision of access to the temporary manager to financial statements that impeded drawing up of the conclusion.

2. Decision on declaring the debtor as bankrupt and its liquidation with initiation of the bankruptcy proceeding shall be issued by the court also in cases established by paragraph 4 of Article 118 of this Law.

3. Court decision on declaring the debtor as bankrupt shall contain the specifications on:

- 1) liquidation of the debtor with initiation of bankruptcy proceeding;
- 2) transfer of rights of managing property and cases of the debtor to the temporary manager;
- 3) sum of submitted requirements of the creditors that referred to the court before issuance of decision;
- 4) transfer of constitutive documents, financial statements, entitling documents for property of a bankrupt, seals, stamps, material and other values belonging to bankrupt, temporary manager by civil servants of the debtor within the term no later than three business days from the date of issuance of decision on declaring the debtor as bankrupt;
- 5) removal of all the restrictions and impairments of property of a bankrupt (collection orders made on accounts of the bankrupt, arrests of property imposed by officers of justice and others) without adoption of the relevant decisions of the bodies that imposed them on the basis of application of the administrator;
- 6) compensation of administrative costs by the creditor on taxes and other compulsory payments to the budget on the basis of his (her) petition in existence of conditions provided by paragraph 2 of Article 45 of this Law.

4. In case of initiation of bankrupt proceeding on the grounds provided by paragraph 2 of this Article, the court decision shall contain specification to the authorized body on holding the first creditors' meeting.

5. Notice on declaring the debtor as bankrupt and its liquidation with initiation of the bankruptcy proceeding in Kazakh and Russian languages shall be directed to the authorized body by the temporary manager within the term not later than two business days from the date of declaring the debtor as bankrupt for placing on the website of the authorized body.

Within two business days from the date of receipt of the notice, the authorized body shall be obliged to place it in Kazakh and Russian languages on own website.

Publication on declaring the debtor as bankrupt shall contain:

1) name of the court that issued decision on declaring the debtor as bankrupt;

2) last name, first name, patronymic (when available), individual identification number, residence place of bankrupt – individual entrepreneur or name, business identification number and location of the bankrupt – legal entity;

3) details identifying the bankrupt (identification number of a tax payer, on state registration of individual entrepreneur, on state registration of a legal entity).

Article 57. Decision on declaring the debtor as bankrupt and its liquidation without initiation of bankruptcy proceeding upon application of the creditor or prosecutor

1. Decision on declaring the debtor as bankrupt and its liquidation without initiation of bankrupt proceeding shall be issued by the court with the consent of the authorized body in respect of absent debtor with consideration of conclusion of the temporary manager on absent of the debtor at the address stated in application on declaring the debtor as bankrupt, and on absent of property (assets) on account of which it is possible to carry out bankruptcy proceeding.

2. Liquidation of the debtor without initiation of bankruptcy proceeding shall be conducted by the authorized body in the manner established by Article 118 of this Law.

Article 58. Court decision on refusal in declaring the debtor as bankrupt upon application of the creditor or prosecutor

1. Decision on refusal in declaring the debtor as bankrupt shall be issued by the court with consideration of conclusion of the temporary manager:

1) on financial status of the debtor containing summaries on inconsistency of requirements of the creditor on declaring the debtor as bankrupt;

2) on absence of the creditors at the debtor, except for the applicant.

This subparagraph shall not be applied in case if the applicant is the creditor on taxes and other compulsory payments to the budget.

2. In case of issuance of decision on refusal in declaring the debtor as bankrupt on the grounds providing by subparagraph 1) of paragraph 1 of this Article, the latter shall have the right to require compensation for losses from the applicant in the manner provided by the legislation of the Republic of Kazakhstan.

3. Court decision on refusal in declaring the debtor as bankrupt shall not deprive the creditors of the right to represent own requirements to the debtor in the manner provided by the legislation on civil proceeding of the Republic of Kazakhstan.

Article 59. Decision with regard to case on rehabilitation

1. Court decision on applying rehabilitation procedure shall be issued by the court in case of proving the insolvency by the debtor or a threat of insolvency in the course of judicial proceeding, when the debtor will not be able to fulfill money obligations upon maturity of the term of their fulfillment in the next twelve months.

2. Court decision on applying rehabilitation procedure to the debtor shall contain specification on:

1) applying rehabilitation procedure;

2) representation of rehabilitation plan of the debtor by the debtor coordinated with the creditors' meeting within the term not later than three months from the date of applying rehabilitation procedure;

3) occurrence of consequences of applying rehabilitation procedure provided by this Law.

3. The court, within two working days from the date of entry into legal force of the decision to apply rehabilitation proceedings, issues a ruling to appoint a temporary administrator from among the persons, whose notifications are included in the register of notifications of persons entitled to carry out the activity of an administrator, data on whom, as of the date of the ruling, are placed on the Internet resource of the authorized body.

Selection of candidacy for temporary administrator shall be carried out by the court with consideration of available work experience of the manager on main activity profile of the debtor.

After making the decision to apply proceedings of rehabilitation of the debtor carrying out the activity in the field of equity participation in the construction of residential houses (residential buildings), in the case provided for by paragraph 4 of article 38 of the Law of the Republic of Kazakhstan “On equity participation in housing construction”, the court appoints a candidature of the Housing Construction Guarantee Fund to be a temporary manager.

Court shall dismiss temporary administrator within two business days from the date, when the court became known on occurrence of one of the grounds provided by paragraph 10 of Article 12 of this Law.

Court shall appoint the other temporary administrator within one business day after the date of dismissing temporary administrator in the manner established by this Law.

4. Court regulation on appointment of temporary administrator shall contain specification about:

1) direction of a notice by the temporary administrator within two business days from the date of his (her) appointment to the authorized body on applying rehabilitation procedure and the order of filing requirements by the creditors in Kazakh and Russian languages for placing on the website of the authorized body;

2) formation of register of requirements of the creditors by the temporary administrator within the term not exceeding two months from the date of applying rehabilitation procedure, and its representation to the authorized body for publication on the website.

5. Notice on applying rehabilitation procedure shall contain:

1) name of court that issued decision on applying rehabilitation procedure;

2) name and location of the debtor;

3) appointment of temporary administrator;

4) reference to the creditors on necessity to submit all their existing requirements to the debtor within a month from the date of publication.

6. Court shall refuse in applying rehabilitation procedure in case if the debtor did not prove its insolvency or impossibility to fulfill money obligations the term of which shall mature in the next twelve months in the course of judicial proceeding.

Court decision on refusal in applying rehabilitation procedure shall include reference to the right of the creditor to request compensation of losses from the debtor inflicted in result of filing application on applying rehabilitation procedure.

Footnote. Article 59 as amended by the Laws of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 07.04.2016 № 487-V (shall be enforced upon expiry of six months after the day its first official publication).

Article 59-1. Decision to terminate bankruptcy proceedings, apply rehabilitation proceedings and approve a rehabilitation plan

1. A court shall make a decision on the termination of bankruptcy proceedings, application of rehabilitation proceedings and approval of a rehabilitation plan under the terms and in the manner provided for by article 95-1 of this Law.

2. The court decision on the termination of bankruptcy proceedings, application of rehabilitation proceedings and approval of the rehabilitation plan shall contain an order to:

1) terminate bankruptcy proceedings and execute the court decision to declare the debtor bankrupt and liquidate it with initiation of bankruptcy proceedings;

2) terminate powers of a bankruptcy manager;

3) apply rehabilitation proceedings and approve the rehabilitation plan;

4) enforce the consequences of applying rehabilitation proceedings provided for by this Law;

5) restore the right of the owner of the property or a founding shareholder (participant) to manage the debtor's property and affairs or instruct the authorized body to appoint the candidature of a meeting of creditors to be rehabilitation manager, within five working days from the date of entry into legal force of the decision;

6) a bankruptcy manager to hand over constituent documents, accounting records, documents of title to property, seals, stamps, material and other valuables.

3. The court refuses to terminate bankruptcy proceedings, apply rehabilitation proceedings and approve the rehabilitation plan in the case of:

absence of the consent of a meeting of creditors to approve the rehabilitation plan;

the debtor's failure to prove the possibility of restoring solvency in the course of court proceedings.

Footnote. Chapter 4 is supplemented by Article 59-1 in accordance with the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 60. Court decision upon false bankruptcy

1. In existence of signs of false bankruptcy, the court shall issue decision on refusal in declaring the debtor as bankrupt with recovery of all the court costs from guilty persons of civil servants.

2. Court decision shall contain reference to the right of creditors to request recovery of losses from the debtor inflicted by false bankruptcy in accordance with paragraph 2 of Article 6 of this Law.

Article 61. Distribution of administrative costs

1. Upon adoption of decision on declaring the debtor as bankrupt, applying rehabilitation procedure, the administrative costs shall relate to property of the debtor and be recompensed on account of this property out of turn. Court costs and administrative costs upon issuance of regulation on termination of proceeding with regard to case due to reaching the purpose of conducting rehabilitation procedure shall be compensated in the same order.

2. An applicant to a court covers administrative expenses provided for by paragraph 1 of this article, if the court:

- 1) issues a ruling to terminate proceedings on the bankruptcy case;
- 2) makes a decision to refuse to declare the debtor bankrupt.

In cases specified in subparagraphs 1) and 2) of part one of this paragraph, when two or more creditors apply to court, administrative expenses are distributed among such creditors in proportion to their claims.

3. Administrative costs linked with initiation of bankruptcy case and conduct of bankruptcy proceeding shall be compensated under court decision at the expense of the creditor on taxes and other compulsory payments to the budget on the basis of his (her) petition in the manner established by the authorized body.

Footnote. Article 61 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 62. The entry into legal force of a court decision (ruling), the review of a decision (ruling)

1. The entry into legal force of judicial acts specified in article 55 of this Law, their review in light of newly discovered facts, as well as their appeal (challenge), shall be carried out in accordance with the procedure provided for by the civil procedure legislation of the Republic of Kazakhstan.

Footnote. Article 62 in the new wording of the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Chapter 5. REHABILITATION PROCEDURE

Article 63. Applying rehabilitation procedure

Rehabilitation procedure shall be applied only in respect of commercial organizations in a judicial proceeding.

Article 64. Term of rehabilitation procedure

Term of conducting rehabilitation procedure shall be established by the court in accordance with rehabilitation plan. Court shall have the right to prolong this term upon

petition of rehabilitation manager with the consent of the creditors' meeting, but no more than six months.

A court is entitled to extend the term of rehabilitation proceedings for two years for organizations that are natural monopoly entities or have significant strategic importance for the economy of the Republic of Kazakhstan, capable of influencing the life and health of citizens, national security or the environment.

Footnote. Article 64 as amended by the Law of the Republic of Kazakhstan dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017).

Article 65. Suspension and reopening of rehabilitation procedure for participant of measures of state support

1. Application on suspension of rehabilitation procedure shall be considered by the court within the term no later than ten business days from the date of its receipt.

Grounds for suspension of rehabilitation procedure are obtaining of a status of participant of the measures of state support by the debtor and decision of the creditors' meeting.

2. From the date of issuance of regulation by the court on suspension of rehabilitation procedure, the following consequences shall occur:

1) rehabilitation manager shall be dismissed from management of property and cases of the debtor and management shall be transferred to property owner of the debtor (body authorized by it), founders (participants);

2) force of subparagraph 1) of paragraph 1 of Article 68 of this Law shall be suspended;

3) execution of rehabilitation plan of organization shall be suspended;

4) discharge of requirements of the creditors shall be performed in accordance with rehabilitation plan, measures adopted within the state support.

3. Creditors' commission shall have the right to adopt decision on reference to the court with application on reopening of rehabilitation procedure.

The person authorized by the credits' commission shall refer with the same application.

From the date of entering of court regulation into legal force on reopening of rehabilitation procedure, the force of paragraph 2 of this Article shall be terminated.

Article 66. Participants of rehabilitation procedure

Participants of rehabilitation procedure are:

- 1) court;
- 2) creditors;
- 3) debtor;
- 4) property owner of the debtor (body authorized by it), founders (participants);
- 5) temporary administrator;
- 6) rehabilitation manager;
- 7) authorized body;
- 8) other interested persons.

Article 67. Powers of court in rehabilitation procedure

Court in rehabilitation procedure shall:

- 1) apply, suspend and terminate rehabilitation procedure;
- 2) appoint and dismiss temporary administrator;
- 3) approve rehabilitation plan;
- 4) approve amendments and supplements to rehabilitation plan;
- 5) accept cases to own proceeding on the disputes of property nature on which the debtor act as defendant;
- 6) preserve the right to manage property and cases of the debtor for the property owner of the debtor (body authorized by it), founders (participants) or charge the authorized body to appoint the rehabilitation manager on the basis of decision of the creditors' meeting;
- 7) resolve disputes between participants of rehabilitation procedure.

Article 68. Consequences of applying rehabilitation procedure

1. From the date of issuance of decision by the court on applying rehabilitation procedure, the following consequences shall occur:

- 1) it is prohibited to commit transactions with property outside the regular commercial operations without their coordination with the temporary administrator;
- 2) accruals of penalty (late fee, fines) on all types of debts of the debtor, as well as remuneration on received credits shall be terminated;

3) the execution of court decisions, arbitral awards, decisions of the state revenue bodies, as well as owners of the debtor's property (his/her/its authorized bodies), founding shareholders (participants) in respect of his/her/its property, except for payments to citizens to whom the debtor is liable for causing damage to their life or health without account of claims of compensation for non-pecuniary damage, which became due after application of rehabilitation proceedings;

4) taxes and other compulsory payments to the budget calculated by a tax payer according to tax reporting, accrued by the body of state revenues in a result of tax inspections for tax periods following the tax period in which rehabilitation procedure is applied, shall be paid.

2. After approval of rehabilitation plan:

1) transactions with property outside the regular commercial operations, with the exception of those provided by rehabilitation plan shall be consummated with the consent of the creditors' meeting;

2) in case of non-execution of a schedule of redemption of the credit indebtedness according to rehabilitation plan beginning from the date next to the date or period of redemption of credit indebtedness stated in rehabilitation plan, the restrictions established by subparagraph 4) of paragraph 1 of Article 50 of this Law, as well as by subparagraphs 2) and 3) of paragraph 1 of this Article shall be removed.

Footnote. Article 68 as amended by the Laws of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 07.11.2014 No. 248-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 08.04.2016 № 489-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 69. Management of property and cases of the debtor upon rehabilitation procedure

1. Upon application of property owner of the debtor (body authorized by it), founders (participants) on the basis of decision of the creditors' meeting, the court shall preserve the

right to manage property and cases of the debtor from the date of approval of rehabilitation plan for the property owner of the debtor, body authorized by it), founders (participants).

Application on preservation of right to manage property and cases of the debtor with attachment of decision of the creditors' meeting shall be directed to the court at the same time with provision of rehabilitation plan.

If a meeting of creditors decides to revoke the right of the owner of the property of the debtor, its founding shareholders (participants) to manage the debtor's property and affairs, the meeting of creditors must nominate their candidate for rehabilitation manager from among the persons whose notifications are included in the register of notifications of persons entitled to carry out the activity of an administrator. The decision of the meeting of creditors on the revocation of the right to manage the debtor's property and affairs is submitted to court along with the rehabilitation plan.

Creditors' meeting shall be also obliged to nominate candidacy of rehabilitation manager in case of dismissal of property owner of the debtor, founders (participants) from management of the property and cases of the debtor.

Creditors' meeting shall be obliged to notify a candidate on his (her) selection as rehabilitation manager before his (her) nomination to the authorized body.

Property owner of the debtor (body authorized by it), founders (participants) shall be obliged to change the members of managing bodies of the debtor under decision of the creditors' meeting in case of violations of the obligations by the body provided by this Law detected by the creditor (creditors).

2. Upon selection of candidacy for rehabilitation manager, the recommendations in respect of the persons recorded in the authorized body may be received by the creditors' meeting in professional associations of the persons carrying out activity on management of property and cases of insolvent debtor.

3. Court regulation shall contain the specifications on:

1) commission to appoint rehabilitation manager to the authorized body within five business days from the date of entering of regulation into legal force;

2) transfer of constitutive documents, financial statements, entitling documents to property, seals, stamps, material and other values by the debtor.

4. Authorized body shall be obliged to appoint a candidate as a rehabilitation manager nominated by the creditors' meeting within five business days from the date of entering of regulation on approval of rehabilitation plan or regulation on dismissal of property owner of the debtor, founders (participants) from management of the property and cases of the debtor into legal force.

If the authorized body discovers circumstances preventing the appointment of their candidate to be rehabilitation manager under paragraph 3 of article 12 of this Law, the authorized body, within five working days from the date of such discovery, shall send to the meeting of creditors a reasoned refusal to appoint their candidate to be rehabilitation manager or a notice of removing the notification of the rehabilitation manager from the register of notifications of persons entitled to carry out the activity of an administrator on the basis of subparagraph 10) of part one of paragraph 8 of article 12 of this Law.

Creditors' meeting in case of refusal of the authorized body in appointment of nominated candidate shall be obliged to nominate another candidate for appointment as a rehabilitation manager.

5. In cases of non-execution of a schedule of redemption of credit indebtedness with a term more than three months and (or) detection of the breaches of this Law including those detected by the authorized body, the property owner of the debtor, founders (participants) for whom the right of management of the property and cases of the debtor are preserved shall be dismissed by the court from management upon application of the person authorized by the creditors' meeting within fifteen calendar days from the date of receipt of the application.

Footnote. Article 69 as amended by the Law of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication).

Article 70. Powers of a temporary administrator

1. Temporary administrator shall have the right to:

1) familiarize with rehabilitation plan;

2) request documents from the creditors confirming the ground and sum of submitted requirements.

2. Temporary administrator shall be obliged to:

1) consider application of the debtor on coordination of transaction outside the regular commercial operations within five business days;

2) in the case provided for by this Law, submit to the court a report on the effectiveness (ineffectiveness) of the rehabilitation plan in the form established by the authorized body;

3) consider requirements and include recognized requirements to the register within ten business days from the date of filing requirements of the creditors;

4) notify the creditor in written on results of consideration of his (her) requirements (on acknowledgement or non-acknowledgement in a full measure or in a part) on a date next to the date of adoption of decision (with specification of the reasons of non-confession);

5) refer to the court with application on termination of rehabilitation procedure in cases provided by paragraph 6 of Article 82 of this Law, within three business days from the date of occurrence of one of the grounds;

6) notify all the creditors on a place and date of holding the first creditors' meeting that shall be held within the term established by paragraph 1 of Article 75 of this Law;

7) form register of requirements of the creditors within the term not exceeding two months from the date of applying rehabilitation procedure and represent it to the authorized body for placing on website of the authorized body and to the debtor, as well as list of the creditors whose requirements are not recognized;

8) exercise other powers in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 70 as amended by the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 71. Powers of a rehabilitation manager

1. Rehabilitation manager shall have the right to:

1) dispose of property of the debtor within the powers established by this Law;

2) request and receive information on the debtor from organizations, state bodies and their civil servants;

3) participate in relations regulated by the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy with applying informational system;

4) consummate transactions outside the regular commercial operations under decision of the creditors' meeting, with the exception of transactions provided by rehabilitation plan;

5) adopt decisions entailing increase of expenses of the debtor for consumption, as well as payment for labour of the employees of the debtor with the consent of the creditors' meeting;

6) request documents from the debtor confirming the ground and sum of submitted requirements.

2. Rehabilitation manager shall be obliged to:

1) receive property of the debtor in management and ensure protection and control of the debtor's property;

2) conclude a contract with the creditors' commission within thirty calendar days from the date of appointment;

3) organize performance of rehabilitation plan;

4) direct petition to the court on introduction of amendments and supplements to rehabilitation plan no later than five business days after coordination with the creditors' meeting;

5) keep register of requirements of the creditors;

6) direct notification to the members of creditors' commission in the manner and terms established by paragraph 4 of Article 27 of this Law;

7) commit actions established by paragraph 1 of Article 25 of this Law;

8) detect transactions consummated by the debtor upon circumstances mentioned in Article 7 of this Law and submit requirements on their invalidation or return of property in a judicial proceeding, as well as upon petition of the creditor that detected such transaction;

9) refer to the court on suspension of rehabilitation procedure in cases provided by this Law;

10) refer to the court within five business days from the date of adoption of decision by the creditors' meeting on termination of rehabilitation procedure with the relevant application;

11) refer to the court on termination of rehabilitation procedure and declaring the debtor as bankrupt in cases established by this Law;

12) bring to notice of members of the creditors' commission no later than fifteenth day of each month on financial status, consummated transactions in the course of the regular commercial operations for the previous month, provide any information upon request of the creditors' commission;

13) provide comprehensive information on the progress of his/her activity, the financial position of the debtor to any creditor of the debtor pursuant to his/her written request within ten working days from the date of its receipt;

14) transfer constitutive documents, financial statements, entitling documents to property of the debtor, seals, stamps, material and other values belonging to the debtor to the newly appointed rehabilitation manager within three business days from the date of adoption of decision on dismissal (release) in case of dismissal (release) of the rehabilitation manager;

15) perform other obligations provided by the legislation of the Republic of Kazakhstan.

3. If total sum of money obligations of the debtor occurred after applying rehabilitation procedure exceeds twenty percent of total sum of the credit indebtedness for the date of imposition of rehabilitation procedure, the transactions that create new money obligations of the debtor shall be consummated by the rehabilitation manager only with the consent of the creditors' commission.

Footnote. Article 71 as amended by the Law of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication).

Article 72. Formation of register of requirements of the creditors

1. Temporary administrator shall direct a notice on applying rehabilitation procedure and procedure for filing requirements by the creditors in Kazakh and Russian languages for placing on website of the authorized body within two business days from the date of his (her) appointment.

Within two business days from the date of receipt of the notice, the authorized body shall be obliged to place it on own website.

In existence of the website of the debtor, the publication of a message on the mentioned website on applying rehabilitation procedure to the debtor and procedure for filing requirements by the creditors shall be compulsory.

2. Creditors must file their claims to the debtor within a month from the date of publication of the notice on the procedure for filing claims by creditors.

Creditors' claims must contain:

1) information on the amount of a claim (separately for each amount of principal debt, interest, penalties and other pecuniary sanctions, losses);

2) an indication of one of the ways of notifying a meeting of creditors provided for by paragraph 1 of article 25 of this Law.

For reconciliation, copies of documents confirming the ground for and amount of the claim (valid court rulings, copies of contracts, the debtor's acknowledgement of debt) along with original documents shall be attached to the claim.

Creditors also have the right to submit other documents confirming the ground for and amount of the claim.

Claims of creditors expressed in foreign currency are documented in tenge at the rate established by the National Bank of the Republic of Kazakhstan as of the date of a court decision to introduce rehabilitation proceedings.

3. Requirement of the creditor applied later than the term stated in paragraph 2 of this Article shall be included to the register of requirements of the creditors, but such creditor

shall be deprived of voting right at the creditors' meeting until full satisfying requirements of the creditors filed within a monthly term.

4. Requirements of creditors filed within the term provided by paragraph 2 of this Article shall be considered by the temporary administrator within ten business days from the date of their receipt and acknowledged requirements shall be included to the register.

Register may include requirements of the creditors filed by them to the court previously, if they satisfy requirements mentioned in a part two of paragraph 2 of this Article, in existence of application of the creditor.

Register of requirements of the creditors shall not include requirements provided by paragraph 6 of Article 90 of this Law.

5. Creditors shall have the right to submit a requirement to the debtor including a sum of debt and remuneration (behalf) owing to this sum, losses inflicted by non-fulfillment or improper fulfillment of obligation from the side of the debtor, penalty (fines, late fees).

Sum of remuneration (behalf), losses, losses, penalty (fines, late fees) shall be determined for the date of adoption of decision by the court on imposition of rehabilitation procedure.

Expenses of the creditors linked with their participation in a bankruptcy proceeding shall not be subject to remuneration.

6. Temporary administrator shall be obliged to notify each creditor in written on results of considering the requirements of the creditors (on acknowledgement or non-acknowledgement of a requirement in a full measure or in a part with specification of the reasons for non-acknowledgement) on a date next to the date of adoption of decision.

Temporary administrator shall be obliged to specify the date, time, place of conduct and agenda of the first creditors' meeting in a notification on acknowledgement of requirement of the creditor (in full measure or in a part).

In case of disagreement with decision of the temporary administrator, the creditor, founder (participant), debtor shall have the right to appeal it within ten business days in a court considering the case on rehabilitation.

7. Temporary administrator shall be obliged to form and direct register of requirements of the creditors in the manner, terms and in the form established by the Government of the Republic of Kazakhstan to the authorized body within the term no later than two months from the date of entering of court decision on applying rehabilitation procedure into legal force, as well as the list of creditors whose requirements are not acknowledged for placing on website of the authorized body.

Authorized body shall be obliged to place register of requirements of the creditors on own website within two business days from the date of its receipt.

8. A creditor has the right to appeal the amount of and grounds for claims of other creditors within thirty calendar days from the date of publication of the register of claims.

Footnote. Article 72 as amended by the Laws of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 73. Rehabilitation plan and procedure for its approval

1. Rehabilitation plan shall contain specific measures on restoration of solvency of the debtor (rehabilitation measures) and schedule of redemption of debts before the creditors stated in paragraph 2 of Article 77 of this Law.

Alterations and additions to a rehabilitation plan for organizations that are natural monopoly entities or have significant strategic importance for the economy of the Republic of Kazakhstan, capable of influencing the life, health of citizens, national security or the environment, shall be coordinated with the relevant central executive body, relevant territorial body of the National Security Committee of the Republic of Kazakhstan, and for city-forming legal entities - with the relevant local executive body of a region, city of republican significance and the capital.

Amendments and supplements to rehabilitation shall be introduced with the consent of the creditors' meeting and approved by the court.

2. Rehabilitation plan shall be developed by the debtor jointly with the creditors within three months from the date of entering of decision on applying rehabilitation procedure into legal force.

3. Term of realizing rehabilitation plan shall not exceed five years.

4. Rehabilitation measures may include any organizational economic, technical, financial economic, legal and other measures not inconsistent with the legislation of the Republic of Kazakhstan, oriented to restoration of solvency of the debtor including financial sanitation, sale of property (assets) by conducting electronic auction, assignment of right of demands of the debtor, forgiveness of a part of debt, write-off of late fee and fines, exchange of debts for assets, conclusion of amicable agreement and others.

5. In case if obtaining of credits (microcredits) is a source of attracting money according to rehabilitation plan, it shall be accompanied by the contract for obtaining of credit (microcredit).

6. Rehabilitation plan shall be represented for coordination of the creditors' meeting after approval of the register of requirements of the creditors.

7. Debtor shall be obliged to represent developed rehabilitation plan to the temporary administrator no later than the day next to its consideration by the creditors' meeting.

Temporary administrator shall be obliged to represent conclusion on effectiveness (inefficiency) of rehabilitation plan to the court.

8. A rehabilitation plan for organizations that are natural monopoly entities or have significant strategic importance for the economy of the Republic of Kazakhstan, capable of influencing the life, health of citizens, national security or the environment, shall be coordinated with the relevant central executive body, relevant territorial body of the National

Security Committee of the Republic of Kazakhstan, and for city-forming legal entities - with the relevant local executive body of a region, city of republican significance and the capital.

Represented rehabilitation plan shall be considered within ten business days.

9. Debtor shall be obliged to represent rehabilitation plan to the court after approval by the creditors' meeting no later than the term established by subparagraph 2) of paragraph 2 of Article 59 of this Law.

10. Rehabilitation plan coordinated with the creditors' meeting shall be approved by the court regulation within seven business days from the date of its representation.

11. Court shall have the right to refuse in approval of rehabilitation plan in cases of detection of the violations of requirements established by this Law, as well as in view of representation of conclusion by the temporary administrator on inefficiency of rehabilitation plan.

11-1. If a creditor, who voted against a rehabilitation plan, presents reasons to the court that the rehabilitation plan contains measures, which, in case of their implementation, will entail the satisfaction of this creditor's claim to a lesser extent than in the case of application of bankruptcy proceedings, the court is entitled to:

1) refuse to approve the rehabilitation plan;

2) request from the debtor additional information and/or measures of the rehabilitation plan that ensure the satisfaction of the claim of such a creditor to the extent not less than in the case of application of bankruptcy proceedings.

12. Court regulation on approval of rehabilitation plan shall contain the following specifications:

1) on approval of rehabilitation plan;

2) on terms of completing rehabilitation procedure and representation of concluding statement;

3) on dismissal of temporary administrator;

4) on appointment of rehabilitation manager by the authorized body or preservation of the right of management for property owner of the debtor (body authorized by it), founders (participants).

Footnote. Article 73 as amended by the Laws of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017).

Article 74. Assignment of the debtor's right of demand

Rehabilitation plan may provide assignment of the debtor's right of demand by selling these requirements at electronic auction conducted in accordance with the legislation of the Republic of Kazakhstan.

Article 75. Special aspects of the creditors' meeting in rehabilitation procedure

1. Upon rehabilitation procedure, the first creditors' meeting shall be held by the debtor within the term no later than three months from the date of entering of court decision on applying rehabilitation procedure into legal force.

2. Competence of the creditors' meeting shall include:

1) adoption of decision on preservation or cancellation of the right of management of property and cases of the debtor from the date of approval of rehabilitation plan for the property owner of the debtor (body authorized by it), founders (participants);

2) adoption of decision on creation of the creditors' commission;

- 3) determination of number and approval of a composition of the creditors' commission;
- 4) introduction of amendments to the composition of the creditors' commission;
- 5) coordination of rehabilitation plan;
- 6) coordination of amendments and supplements to rehabilitation plan;
- 7) giving consent for prolongation of the term of rehabilitation procedure;
- 8) determination of procedure and terms of bringing information on the course of carrying out rehabilitation procedure by the members of the creditors' commission to the notice of creditors;
- 9) appropriation of other transactions to the category of those consummated outside the regular commercial operations;
- 10) coordination of transactions outside the regular commercial operations not provided by rehabilitation plan;
- 11) approval of the sum of debtor indebtedness of the debtor impossible to be recovered;
- 12) selection of a candidate for rehabilitation manager from among the persons included in the register of notifications of persons entitled to carry out the activity of an administrator;
- 13) determination of amount of payment of main remuneration to the temporary administrator and rehabilitation manager;
- 14) determination of amount of additional remuneration to rehabilitation manager;

15) determination of a sum of money remuneration of the members of managing bodies of the debtor in cases when the right to manage property and cases of the debtor shall be preserved for property owner of the debtor (body authorized by it), founders (participants);

16) coordination of concluding statement of rehabilitation manager (debtor);

16-1) making a decision on recognizing the reason for the creditor's failure to attend a meeting of creditors to be good;

17) other powers provided by this Law.

3. A creditor is entitled to request information on the financial position of a debtor in the course of rehabilitation proceedings from a rehabilitation manager.

Footnote. Article 75 as amended by the Laws of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 76. Special aspects of the creditors' commission in rehabilitation procedure

Creditors' commission shall exercise the following powers:

1) elect the representative of creditors from among the creditors' commission for carrying out control of actions of a rehabilitation manager;

2) require representation of information on financial status of the debtor and court of carrying out rehabilitation procedure from a rehabilitation manager;

3) appeal actions (omission) of a rehabilitation manager in the authorized body and (or) in court;

4) adopt decisions on offset of the creditors' requirements;

5) take the results of audit inspection and inventory surveys into consideration;

6) give a consent for reference of the debtor to the measures of state support and suspension of rehabilitation procedure;

7) determine procedure for sale of property (assets) of the debtor outside the regular commercial operations including those provided by rehabilitation plan;

8) approve the estimation of administrative costs and number of employees involved for conduct of rehabilitation procedure;

9) conclude and dissolve the contract with a rehabilitation manager;

10) approve the agreement of the participant of financial sanation with a rehabilitation manager;

11) other powers provided by this Law.

Article 77. Calculations with creditors

1. From the date of applying rehabilitation procedure:

1) requirements on payment of alimonies deducted from salary and (or) other types of income, as well as requirements of citizens before whom the debtor shall bear responsibility for infliction of harm to life or health shall be satisfied, with the exception of requirements on compensation for moral damage;

2) payment of compensations and labor remuneration to persons working under an employment contract, social contributions to the State Social Insurance Fund, mandatory pension contributions and mandatory professional pension contributions, mandatory social

health insurance contributions and (or) fees, royalties under author contracts, which became due after the application of rehabilitation proceedings;

3) requirements of the creditors arising from obligations, as well as from transactions concluded by the rehabilitation manager (debtor), the term of which is matured during carrying out rehabilitation procedure shall be satisfied.

2. All the rest calculations on debts of the debtor before the creditors including the debts, recoveries on which shall be made under orders of enforcement or in indisputable (acceptance-free) manner shall be made after publication of the register of requirements of the creditors in accordance with rehabilitation plan in compliance with order of priority and rules of calculations established by Articles 100 and 101 of this Law, with the exception of procedure for covering requirements of pledge creditors established by Article 104 of this Law.

Upon occurrence of circumstances on payment of taxes and other compulsory payments to the budget calculated by the tax payer according to tax reporting accrued by the body of state revenues based on results of tax inspections for expired tax periods and tax period in which rehabilitation procedure is applied, the relevant amendments and supplements shall be contributed to register of requirements of the creditors, as well as to rehabilitation plan.

3. Satisfaction of requirements of the creditors occurred before implementation of a rehabilitation procedure shall be made after publication of register of requirements of the creditors, with the exception of cases provided by subparagraph 1) of paragraph 1 of this Article.

4. Pledge creditor shall have the right to refer to the court on levy of execution upon property of the debtor being the subject of ensuring the fulfillment of obligation before him (her) in cases of:

1) detection of breaches of this Law representing a threat to his (her) legal interests;

2) violation of a schedule of redemption of debts before him (her);

3) decrease of cost of a property being the subject of pledge entailing infringement of his (her) interests;

4) if a property being the subject of ensuring the fulfillment of obligation before him (her) is not required for continuation of activity of a legal entity – the debtor or for realization of rehabilitation plan.

Footnote. Article 77 as amended by the Law of the Republic of Kazakhstan dated 07.11.2014 No. 248-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 16.11.2015 № 406-V (shall be enforced from 01.07.2017).

Article 78. Financial sanitation

1. If rehabilitation plan of insolvent debtor as a rehabilitation measure contains its financial sanitation, the plan shall be accompanied by written obligation of a participant of financial sanitation to transfer money to the debtor and (or) creditors in accordance with rehabilitation plan with specification of sum and terms.

2. Participant of financial sanitation may accept the obligation to ensure satisfaction of the requirements of all the creditors within the terms coordinated with them. In this case, management of the debtor shall be carried out by the participant of financial sanitation or the person appointed by him (her) within powers provided for a rehabilitation manager. Requirements established by paragraph 2 of Article 12 of this Law shall not apply to the participant of financial sanitation.

3. Court, as well as the authorized body shall have the right to demand documents from the participant of financial sanitation confirming a possibility of fulfilling the obligations provided by paragraphs 1 and 2 of this Article by him (her).

Article 79. Agreement of participants of financial sanitation

If there are two and more persons participated in financial sanitation that accepted the obligation to ensure satisfaction of requirements of the creditors, they shall conclude the agreement that provides distribution of responsibility between them before the creditors, the

responsibility of one or several participants of financial sanation in case of their refusal from participation in financial sanation after its beginning, procedure for participation in management of a property of the debtor.

Article 80. Responsibility of participants of financial sanation

1. Participant of financial sanation that accepted obligation provided by paragraph 2 of Article 78 of this Law shall bear subsidiary responsibility on outstanding obligations of the debtor after its liquidation, unless he (she) proves that the purposes of financial sanation were not reached in a result of insuperable force or actions of the creditors or the debtor (property owner of the debtor).

Upon participation of two and more persons in financial sanation, they shall be jointly and severally responsible, unless otherwise provided by the agreement.

2. Responsibility of a participant of financial sanation that did not accept the obligation to ensure satisfaction of requirements of the creditors of insolvent debtor shall be determined by the approved creditors' commission by the agreement of a participant with a rehabilitation manager.

Article 81. Rights of a participant of financial sanation

1. Upon termination of proceeding with regard to case on rehabilitation due to reaching the purpose of financial sanation, its participant that accepted the obligation provided by paragraph 2 of Article 78 of this Law and that is not property owner of the debtor shall obtain the rights of a participant of economic partnership, shareholder of joint stock company in a sum of invested funds on the basis of decision adopted by the general meeting of participants of economic partnership, shareholders of joint stock company before beginning of financial sanation, and if the debtor is state enterprise, the participant of financial sanation shall obtain the rights of a participant of economic partnership, shareholder of joint stock company after preliminary reorganization of the debtor to economic partnership, joint stock company on the basis of decision of the state body authorized by a property owner. If the debtor is a production cooperative, the participant of financial sanation shall obtain the right of a participant of economic partnership after preliminary reorganization of the debtor to

economic partnership on the basis of decision of the general meeting of cooperative members. Mentioned decision shall be represented to the court at the same time with rehabilitation plan.

Size of the charter capital of the economic partnership created in this case may be less than minimum size provided by the legislation of the Republic of Kazakhstan upon condition of replenishment of the charter capital within two years until established sizes.

2. In case of participation of two and more persons in financial sanitation, the size of share in a property of the debtor shall be determined proportionally to the sums of the funds used by each of them for the purpose of financial sanitation.

Article 82. Termination of rehabilitation procedure

1. Rehabilitation manager shall refer to the court under decision of the creditors' meeting with application on termination of rehabilitation procedure in relation to the debtor in cases if:

- 1) the purpose of rehabilitation procedure in relation to the debtor is reached;
- 2) he (she) convinced that reaching this purpose is impossible.

Application of a rehabilitation manager shall be accompanied by concluding statement of the rehabilitation manager.

In case of execution of rehabilitation plan approved within the measures of state support, the participant of measures of state support shall refer with application on termination of rehabilitation procedure.

2. Property owner of the debtor (body authorized by it) considering that realization of rehabilitation plan of the debtor or actions (omission) of the rehabilitation manager inflict harm to his (her) interests may refer to the court on termination of rehabilitation procedure.

3. Creditor the sum of requirements of whom is no less than ten percent from total sum of requirements included to the register of requirements of the creditors in case of improper

notification on holding the creditors' meeting, shall have the right to refer to the court on termination of rehabilitation procedure.

4. Creditor (creditors) may refer to the court with application on termination of rehabilitation procedure upon:

1) existence of grounds confirming that the actions (omission) of the debtor on drawing up rehabilitation plan inflict harm to his (her) property interests;

2) non-execution of a schedule of redemption of credit indebtedness more than three months;

3) detection of facts of representing inaccurate details contained in documents accompanied to application on applying rehabilitation procedure;

4) existence of the grounds confirming that realization of rehabilitation plan of the debtor or action (omission) of the rehabilitation manager inflict harm to his (her) property interests.

5. Upon filing application to the court on termination of rehabilitation procedure on the grounds provided by subparagraph 2) of part one of paragraph 1 and paragraphs 2, 3 and 4 of this Article, the person filing application shall be obliged to state a requirement in application on declaring the debtor as bankrupt.

In case of non-performance of requirements of this paragraph, the court shall leave an application on termination of rehabilitation procedure without consideration.

6. In cases of refusal of the creditors' meeting to coordinate rehabilitation plan or non-representation of rehabilitation plan by the debtor within the term established by subparagraph 2) of paragraph 2 of Article 59 of this Law, the rehabilitation procedure shall be terminated by the court upon application of the temporary administrator.

Article 83. Consequences of termination of rehabilitation procedure

In case of termination of rehabilitation procedure on the grounds provided by subparagraph 2) of paragraph 1, paragraphs 2, 3, 4 and 6 of Article 82 of this Law, and initiation (reopening) of bankruptcy case:

1) the consequences provided by Article 68 of this law shall be preserved;

2) right of management of a property and cases of the debtor shall be preserved for a person carrying out management in rehabilitation procedure before issuance of decision on declaring the debtor as bankrupt and appointment of a bankruptcy manager.

Chapter 6. BANKRUPTCY PROCEEDING

Article 84. Term of conducting a bankruptcy proceeding

1. Term of conducting a bankruptcy proceeding shall be determined by the court decision and may not exceed nine months. This term may be prolonged by the court upon petition of a bankruptcy manager with the agreement of the creditors' meeting no more than for three months.

Term of conducting a bankruptcy proceeding shall be calculated from the date of entering of the court decision on declaring the debtor as bankrupt into legal force.

2. Grounds for prolongation of the term of conducting a bankruptcy proceeding are:

1) existence of case in a judicial proceeding concerning property interests of the debtor and its creditors;

2) existence of unsold property;

3) reference of a bankruptcy manager to the bodies of criminal prosecution on grounds of signs of premeditated or false bankruptcy, other infractions or crimes against the interests of the debtor and its creditors;

4) necessity to eliminate the breaches of the legislation of the Republic of Kazakhstan mentioned in the court regulation on refusal in approval of the concluding statement;

5) necessity to eliminate the breaches of the legislation of the Republic of Kazakhstan detected by the authorized body.

Article 85. Participants of bankruptcy proceeding

Participants of bankruptcy proceeding are:

- 1) the court considering a bankruptcy case;
- 2) authorized body;
- 3) bankrupt;
- 4) property owner of a bankrupt, participants (founders);
- 5) creditor;
- 6) temporary and bankruptcy managers;
- 7) other interested persons.

Article 86. Powers of the court in bankruptcy proceeding

Court in bankruptcy proceeding shall have the following powers:

- 1) to initiate, prolong and terminate bankruptcy proceeding;

2) to inform on issuance of decision on declaring a legal entity as bankrupt to the body carrying out state registration of legal entities, authorized body, chamber of private officers of justice and territorial body of justice at location of the debtor;

3) to accept the cases to own proceeding on disputes of property nature on which the bankrupt acts as defendant;

4) to appoint and dismiss a temporary administrator;

5) to resolve the disputes between participants of the bankruptcy proceeding.

Footnote. Article 86 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 87. Consequences of initiation of the bankruptcy proceeding

1. From the date of issuance of decision by the court on declaring the debtor as bankrupt and initiation of the bankruptcy proceeding:

1) property owner of the debtor (body authorized by it), all the bodies of legal entity shall be prohibited to use and sell the property outside the regular commercial operations and extinction of obligations;

2) terms of all debts obligations of bankrupt shall be considered as expired;

3) accrual of penalty and remuneration (behalf) on all the types of debts of a bankrupt shall be terminated;

4) disputes of property nature with participation of a bankrupt considered in the court shall be terminated, if decisions adopted on them are not enter into legal force;

5) requirements may be submitted to a bankrupt only within the bankruptcy proceeding, with the exception of requirements on exercise of the guarantees and sureties of third parties, as well as levy of execution upon a pledge subject in cases when the pledgeholder is the third parties;

6) on the basis of application of the administrator and represented copy of court decision on declaring the debtor as bankrupt, all the restrictions and impairments on a property of the debtor (collection orders of financial and state bodies on accounts of the debtor, arrests of property imposed by officers of justice and others) shall be removed without the relevant decisions of bodies that imposed them;

7) imposition of new arrests on a property of a bankrupt and other restrictions in disposal of the property of the bankrupt shall be allowed only on claims on invalidation of transaction and vindication of the property from illegal possession submitted to the bankrupt.

2. Property of a bankrupt not transferred to the acquirer for the date of initiation of the bankruptcy proceeding shall be included to the composition of property mass of the bankrupt, and the creditor or invalid acquirer on non-fulfilled obligation shall have the right to submit own requirements to the debtor within bankruptcy proceeding.

Article 88. Powers of a temporary manager

1. Temporary manager shall have the right to:

1) demand information from the state bodies, individuals and legal entities on the debtor, its property including copies of confirming documents that shall be provided to him (her) on a grant basis within the term no later than ten business days from the date of filing request;

2) detect transactions consummated by the debtor before declaring it as bankrupt with violation of requirements of this Law, submit requirements on their invalidation and return of property in a judicial proceeding, as well as upon petition of the creditor that detected such transaction;

3) refer to the court upon detection of cases of premeditated or false bankruptcy;

4) request the documents from the creditors confirming the ground and sum of submitted requirements;

5) exercise other rights provided by this Law.

2. From the date of imposition by the court and up to completion of considering a bankruptcy case, the temporary manager shall be obliged to:

1) carry out collection of details on financial status of the debtor on the basis of documents of business accounting and financial accountability for the purpose of confirming existence or absence of signs of its insolvency up to issuance of the court decision;

2) represent conclusion on financial status of the debtor to the court;

3) direct a notice on initiation of bankruptcy case and procedure for filing requirements by the creditors to the authorized body in Kazakh and Russian languages for placing on website of the authorized body within two business days from the date of issuance of a regulation by the court on his (her) appointment;

4) ensure control of assets of the debtor for the purpose of non-admission of their transfer by a property owner of the debtor, founders (participants) during the period of a judicial proceeding;

5) consider application of the debtor on coordination of transaction outside the regular commercial operations within five business days;

6) carry out other obligations provided by this Law.

3. After issuance of the court decision on declaring the debtor as bankrupt, the temporary manager shall be obliged to:

1) direct a publication on declaring the debtor as bankrupt to the authorized body in Kazakh and Russian languages for placing on website of the authorized body within two business days from the date of declaring the debtor as bankrupt;

2) request information from the authorized body on existence and numbers of banking accounts of the person on which there is court decision that entered into legal force on declaring as bankrupt, on balances and on monetary movement on these accounts within seven business days from the date of declaring the debtor as bankrupt;

3) notify employees of a bankrupt on a coming termination of labour contract in accordance with the labour legislation of the Republic of Kazakhstan;

4) ensure protection and control of a bankrupt's property;

5) form register of requirements of the creditors in the manner, terms and in the form established by the Government of the Republic of Kazakhstan;

6) conduct inventory of property mass of a bankrupt and represent report on inventory to the first creditors' meeting;

7) carry out sale of a bankrupt's property in concurrence with the authorized body in cases if before appointment of a bankruptcy manager, the cost of such property will decrease significantly (perishable products, livestock and other commodities requiring urgent selling);

8) report on a course of carrying out bankruptcy proceeding on the basis of written request of the creditor and property owner of the debtor no later than three business days from the date of receipt of request;

9) notify the creditors on a date, time and place of holding the creditors' meeting;

10) represent a copy of the act in case of issuance of the act by the court concerning the interests of the debtor to the creditor or the debtor upon application of which the bankruptcy case is initiated within three business days from the date of receipt for consideration of question on appealing this judicial act;

11) organize and hold the first creditors' meeting;

12) transfer constitutive documents, financial statements, entitling documents to a bankrupt's property, seals, stamps, material and other values belonging to the bankrupt to the bankruptcy manager (authorized body) within three business days from the date of his (her) appointment (issuance of decision by the court on declaring the debtor as bankrupt);

13) transfer constitutive documents, financial statements, entitling documents to a bankrupt's property, seals, stamps, material and other values to the debtor in case of issuance of a regulation by the court on suspension or termination of the proceeding with regard to case, decisions on refusal in declaring the debtor as bankrupt or cancellation of the court decision on declaring the debtor as bankrupt within three business days from the date of adoption of the relevant judicial act;

14) carry out other obligations provided by this Law.

Article 89. Powers of a bankruptcy manager

1. Bankruptcy manager shall have the right to:

1) request documents confirming the ground and sum of filing requirements from the creditors;

2) receive a credit for conduct of bankruptcy proceeding with agreement of the creditors' meetings;

3) conclude a settlement agreement according to the procedure established by this Law.

2. Bankruptcy manager shall be obliged to:

1) accept constitutive documents, financial statements, entitling documents to a bankrupt's property, seals, stamps, material and other values belonging to a bankrupt from the temporary manager within the term no later than three business days from the date of his (her) appointment;

2) demand information from the state bodies, individuals and legal entities within seven business days after his (her) appointment on a bankrupt, property belonging to him (her) and copies of confirming documents that shall be represented to him (her) on a grant basis within the term no later than ten business days from the date of filing request, if such information and documents were not transferred to him (her) by the temporary manager;

3) request information from the authorized body on existence and numbers of banking accounts of the person within seven business days after his (her) appointment on which there is court decision that entered into legal force on declaring as bankrupt, on balances and on monetary movement on these accounts;

4) ensure protection and control of a bankrupt's property;

5) submit requirements within the term no later than seven business days from the date of establishment of the persons having debts before a bankrupt on recovery of these debts in a judicial proceeding, with the exception of cases when the creditors' commission adopted decision on selling debtor indebtedness;

6) detect transactions consummated by the debtor with violation of requirements of this Law until declaring it as bankrupt, and submit requirements on their invalidation or on return of a property in a judicial proceeding, as well as upon petition of the creditor that detected such transaction;

7) modify or dissolve the contracts concluded by the debtor before initiation of a bankruptcy case on the basis of decision of the creditors' commission within ten business days;

7-1) within ten working days from the date of the debtor's submission of the rehabilitation plan approved by a meeting of creditors, provide a report on the effectiveness (ineffectiveness) of the rehabilitation plan to the owner of the debtor's property or a founding shareholder (participant) or the person authorized by him/her/it;

8) develop plan of selling a property (assets) of a bankruptcy and carry out its realization;

9) keep register of requirements of the creditors;

10) detect the persons established by paragraph 5 of Article 11 of this Law;

10) identify the persons specified in paragraph 5 of article 11 of this Law and file a suit for bringing them to subsidiary liability in court;

11) make calculations with the creditors within seven business days after adoption of decision by the creditors' commission on transfer to calculations;

12) report on the progress of bankruptcy proceedings, the financial position of the debtor to a creditor pursuant to his/her/its written request within three working days from the date of receipt of the request;

13) in case of issuance of a judicial act by the court concerning the interests of a bankrupt and his (her) creditors, to represent its copy within five business days from the date of its receipt for consideration of a question on appealing this judicial act, unless otherwise established by the contract on conducting a bankruptcy proceeding with the bankruptcy manager;

14) notify the creditors on a date, time and place of holding the creditors' commission meeting;

15) close banking accounts of a bankrupt, deliver the forms of taxpayer certificate and certificate on registration on value added tax (when available), destroy a seal of a bankrupt within three business days after certification of concluding statement by the court;

16) hand over the constituent documents, accounting records, documents of title to property, seals, stamps, material and other valuables within three working days from the day:

of making a decision to revoke the court decision to declare the debtor bankrupt – to the debtor or rehabilitation manager;

of signing of the deed of transfer of a bankrupt enterprise - to its buyer;

17) in case of suspension (relief) of a bankruptcy manager, within three working days from the date of the decision to suspend (relieve), hand over the constituent documents, accounting records, documents of title to the bankrupt's property, seals, stamps, material and other valuables belonging to the bankrupt to a newly appointed bankruptcy manager, as well as information available on the existence and numbers of the bankrupt's bank accounts, balances and the movement of money in these accounts;

17-1) conclude an agreement for bankruptcy proceedings with a creditors' committee within ten working days from the date of its appointment;

17-2) develop the administrative expenses budget for bankruptcy proceedings within twenty working days from the date of appointment;

18) exercise other powers provided by the legislation of the Republic of Kazakhstan.

Footnote. Article 89 as amended by the Laws of the Republic of Kazakhstan dated 07.11.2014 No. 248-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 22.04.2015 No. 308-V (shall be enforced upon expiry of ten

calendar days after the date of its first official publication); dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 90. Formation of register of requirements of the creditors in a bankruptcy proceeding

1. Temporary manager shall direct a notice within two business days from the date of issuance of a regulation by the court on his (her) appointment, on initiation of a bankruptcy case and procedure for filing requirements by the creditors in Kazakh and Russian languages for placing on the website of the authorized body.

Authorized body shall be obliged to place the notice on own website within two business days from the date of its receipt.

In the debtor has the website, the publication of a message on the mentioned website shall be compulsory.

2. Within two business days from the date of receipt of the court decision that entered into legal force from officers of justice or enforcement documents on recovery of money from the debtor, the temporary manager shall notify such creditors in written form on initiation of a bankruptcy case (declaring the debtor as bankrupt) and procedure for filing the requirements.

Temporary manager shall also notify the citizens within two business days from the date of issuance of a regulation by the court on initiation of bankruptcy case before which the debtor shall bear responsibility for infliction of harm to life and health, on declaring the debtor as bankrupt and procedure for filing requirements.

3. Creditors must file their claims to a debtor within a month from the date of publication of the notice on the procedure for filing claims by creditors.

Creditors' claims must contain:

1) information on the amount of a claim (separately for each amount of principal debt, interest, penalties and other pecuniary sanctions, losses);

2) an indication of one of the ways of notifying a meeting of creditors provided for by paragraph 1 of article 25 of this Law.

For reconciliation, copies of documents confirming the ground for and amount of a claim (valid court rulings, copies of contracts, the debtor's acknowledgment of debt) along with original documents shall be attached to the claim.

4. Requirement of the creditor filed later than the term mentioned in a part one of paragraph 3 of this Article shall be included to the register of requirements of the creditors, but such creditor shall be deprived of the voting right at the creditors' meeting up to full satisfaction of requirements of the creditors filed in a monthly term.

5. Requirements of the creditors filed within a term provided by a part one of paragraph 3 of this Article shall be considered by the temporary manager within ten business days from the date of their receipt and the acknowledged requirements shall be included into the register

Register may include the requirements of the creditors filed by them to the court previously, if they satisfy to requirements specified in a part two of paragraph 3 of this Article , in existence of an application of the creditor.

6. Register of requirements of the creditors shall not include:

1) requirements of the creditors determined by the legislation of the Republic of Kazakhstan on project financing and securitization ensured by allocated assets, and requirements of the holders of mortgage bonds ensured by a pledge of the following property: rights of demand under contracts of residential mortgage loan (including the mortgage certificate loan), as well as state securities of the Republic of Kazakhstan in cases when the

right of property to the mentioned bonds occurred at their holders or transferred to them under the transactions or other grounds provided by the legislative acts of the Republic of Kazakhstan;

2) requirements of the creditors on infrastructure bonds ensured by the state surety;

3) requirements of the founders (participants) of the debtor.

7. Creditors shall have the right to submit requirements to the debtor including a sum of debts and remuneration (behalf) owing to this sum, losses incurred by non-fulfillment of improper fulfillment of the obligation from the side of the debtor, penalty (fines, late fees) and other fine sanctions.

8. Sum of remuneration (behalf) shall be determined for the date of adoption of decision by the court on declaring the debtor as bankrupt.

9. Sum of losses, penalty (fines, late fees) and other fine sanctions shall be determined for the date of adoption of decision on declaring the debtor as bankrupt and its liquidation.

Expenses of the creditors linked with their participation in a bankruptcy proceeding shall not be subject to compensation.

Footnote. Article 90 as amended by the Law of the Republic of Kazakhstan dated 27.02.2017 № 49-VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 91. Consideration of requirements of the creditors

1. Temporary manager shall be obliged to notify each creditor in written on results of considering the requirements of the creditors (on acknowledgement or non-acknowledgement of a requirement in a full measure or in a part with specification of the reasons for non-acknowledgement) on a date next to the date of declaring the debtor as bankrupt. Upon requirements of the creditors filed after declaring the debtor as bankrupt, the temporary

manager shall be obliged to notify such creditor in written on a date next to the date of adoption of decision.

Temporary manager shall be obliged to specify the date, time, place of holding and agenda of the first creditors' meeting in the notification on acknowledgment of a requirement of the creditor (in a full measure or in a part).

2. In case of disagreement with decision of the temporary manager, the creditor, founder (participant) shall have the right to appeal it within ten business days in court considering a bankruptcy case.

Article 92. Publication of register of requirements of the creditors

1. Temporary manager shall be obliged to direct the register of requirements of the creditors to the authorized body within the term no later than three business days from the date of issuance of the court decision on declaring the debtor as bankrupt for placing on the website of the authorized body.

Authorized body shall be obliged to place the register of requirements of the creditors on own website within two business days from the date of its receipt.

2. A creditor has the right to appeal the amount of his/her claim, as well as the amount of and grounds for claims of other creditors included in the register.

Footnote. Article 92 as amended by the Law of the Republic of Kazakhstan dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication).

Article 93. Powers of the creditors' meeting in a bankruptcy proceeding

1. The first meeting of creditors shall be held by a temporary manager within twenty working days from the date of declaring the debtor bankrupt.

2. At the first creditors' meeting:

- 1) decision on conducting assessment of pledged property shall be adopted;
- 2) a candidate for bankruptcy manager is selected from among the persons included in the register of notifications of persons entitled to carry out the activity of an administrator;
- 3) decision on creation of the creditors' commission shall be adopted;
- 4) quantity shall be determined and composition of the creditors' commission, a chairman of the creditors' commission shall be approved;
- 5) rules of work of the creditors' commission shall be approved;
- 5-1) the amount of the basic remuneration of a temporary manager is determined, which is subject to payment within the limits established by the authorized body;
- 6) *is excluded by the Law of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015).*

3. Competence of the creditors' commission shall include:

- 1) consideration of the issue on transfer of the pledged property to the pledge creditors on account of satisfying their requirements considering the results of assessing the pledged property;
- 2) selection of candidacy of a bankruptcy manager;
- 3) introduction of amendments and supplements to the composition of the creditors' commission;
- 4) approval of a report on inventory of property mass of a bankrupt;

- 5) adoption of decision on conducting assessment of a property (assets);
- 6) approval of sales plan of a property;
- 7) adoption of decision on direct sale of a property (assets) of a bankrupt;
- 8) adoption of decision on setting a property for electronic auction on a balance cost;
- 9) approval of a sum of debtor indebtedness of the debtor impossible to be recovered;
- 10) determination of the amount of the basic remuneration of a bankruptcy manager, subject to payment within the limits established by the authorized body;
- 11) determination of amount of additional remuneration to a bankruptcy manager;
- 12) coordination of concluding statement;
- 13) giving a consent for prolongation of the term of conducting a bankruptcy proceeding;
- 14) adoption of decision on a transfer to calculations with the creditors of the debtor;
- 14-1) adoption of decision on discarding movable property being on the balance but absent under inventory act;
- 14-2) adoption of decision on receipt of the credit by a bankruptcy manager for conducting a bankruptcy proceeding;
- 14-3) making a decision on the conclusion of a settlement agreement;

14-4) making a decision, in the course of bankruptcy proceedings, on switching to rehabilitation proceedings;

14-5) approval of the rehabilitation plan in the case provided for by article 95-1 of this Law;

14-6) making a decision on recognizing the reason for the creditor's failure to attend a meeting of creditors to be good;

15) other rights provided by the legislation of the Republic of Kazakhstan.

4. Upon selection of a candidacy for a bankruptcy manager, recommendations in relation to the persons registered in the authorized body may be received by the creditors' meeting in professional associations of the persons carrying out activity on management of a property and cases of insolvent debtor.

Creditors' meeting shall be obliged to notify elected candidate on his (her) selection as a bankruptcy manager before nomination of his (her) candidacy to the authorized body.

Authorized body shall be obliged to appoint the candidacy represented by the creditors' meeting as a bankruptcy manager within five business days from the date of its representing by the creditors' meeting.

If the authorized body discovers circumstances preventing the appointment of the candidate bankruptcy manager under paragraph 3 of article 12 of this Law, the authorized body, within five working days from the date of such discovery, shall send to the meeting of creditors a reasoned refusal to appoint their candidate to be bankruptcy manager or a notice about removing the notification of the bankruptcy manager from the register of notifications of persons entitled to carry out the activity of an administrator on the basis of subparagraph 10) of part one of paragraph 8 of article 12 of this Law.

Creditors' meeting shall be obliged to represent the other candidacy for appointment as a bankruptcy manager in case of refusal of the authorized body in appointment of the represented candidacy.

5. A creditor is entitled to request information on the financial position of the debtor in the course of rehabilitation proceedings from a bankruptcy manager.

Footnote. Article 93 as amended by the Laws of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 22.04.2015 No. 308-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 29.03.2016 № 479-V (shall be enforced upon expiry of twenty one calendar days after the day its first official publication); dated 27.02.2017 № 49 -VI (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 94. Powers of the creditors' commission in a bankruptcy proceeding

Creditors' commission shall:

1) carry out operative control of conducting a bankruptcy proceeding and activity of a bankruptcy manager;

2) conclude and dissolve contract with a bankruptcy manager;

3) approve the plan of measures on conducting a bankruptcy proceeding that is an integral part of the contract;

4) approve the estimation of administrative costs and quantity of employees involved for conducting a bankruptcy proceeding, with the exception of cases of return of administrative costs by the creditor on taxes and other compulsory payments to the budget;

5) adopt decision on conduct of assessment of newly detected property (assets) or returned to property mass of a bankrupt;

6) determine the list of commodities, works and services purchased by a bankruptcy manager;

7) adopt decisions on a mutual offset of requirements between the debtor and creditor;

8) exercise other powers provided by this Law.

Article 95. Representation of interests of the creditors on payment for labour

1. Persons having requirements to the debtor on payment for labour shall elect a representative at the meeting (conference) by secret voting authorized to protect their interests before the debtor, its creditors.

Representative of the creditor on payment for labour shall be included to the composition of the creditors' commission.

2. Representative elected in the manner provided by paragraph 1 of this Article shall enjoy all the rights of the creditor provided to him (her) by this Law in the period of conducting a bankruptcy proceeding. Representative shall report to the meeting (conference) that elected him (her) on results of approving requirements on paying for labour in the register of requirements of the creditors and results of their consideration.

Article 95-1. Switching from bankruptcy proceedings to rehabilitation proceedings

1. If rehabilitation proceedings were not applied to a debtor, and in the course of bankruptcy proceedings the owner of the property or a founding shareholder (participant) has developed a rehabilitation plan meeting the requirements of paragraphs 1, 4 and 5 of article 73 of this Law, the owner of the property or the founding shareholder (participant), or the person authorized by him/her/it is entitled to apply to the bankruptcy manager for holding a

meeting of creditors to consider the developed rehabilitation plan and the possibility of switching from bankruptcy proceedings to rehabilitation proceedings.

The bankruptcy manager is obliged, within three working days from the date of receipt of the application of the owner of the property or the founding shareholder (participant) or the person authorized by him/her/it, to notify the creditors of the meeting of creditors in the manner provided for by article 25 of this Law.

2. If a meeting of creditors approves the proposed rehabilitation plan and switching from bankruptcy proceedings to rehabilitation proceedings, the meeting must concurrently either resolve the issue of restoring the rights of the owner of property or a founding shareholder (participant) to manage the debtor's property and affairs or nominate a candidate for rehabilitation manager from among the persons registered with the authorized body.

3. Within ten working days from the date of receipt of the rehabilitation plan, the bankruptcy manager must draw up a report on the effectiveness (ineffectiveness) of the rehabilitation plan in the form established by the authorized body and forward it to the owner of the debtor's property or to founding shareholders (participants).

4. The owner of the debtor's property, a founding shareholder (participant) or the person authorized by him/her/it is entitled to petition the court for terminating bankruptcy proceedings, applying rehabilitation proceedings and approving the rehabilitation plan given the consent of a meeting of creditors and the bankruptcy manager's report on the effectiveness (ineffectiveness) of the rehabilitation plan.

5. The court considers the petition of the owner of the debtor's property, a founding shareholder (participant) or the person authorized by him/her/it to terminate bankruptcy proceedings, apply rehabilitation proceedings and approve the rehabilitation plan according to the general rules of civil procedure with peculiarities provided for by this Law.

6. Subsequent to the case consideration, the court makes a decision to terminate bankruptcy proceedings, apply rehabilitation proceedings and approve the rehabilitation plan or to refuse.

7. If the court makes a decision to apply rehabilitation proceedings and approve the rehabilitation plan, the decision to declare the debtor bankrupt and liquidate it with the initiation of bankruptcy proceedings shall be revoked by the court that issued the decision.

Footnote. Chapter 6 is supplemented by Article 95-1 in accordance with the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 96. Property mass

1. Composition of property mass shall include:

1) property of a bankrupt, as well as those not reflected in its financial documents, but on which there are documents confirming the right of property of the debtor including the rights of requirement (debtor indebtedness);

2) rights of a permanent and long-term temporary land user of a bankrupt in cases provided by the land legislation of the Republic of Kazakhstan.

2. Personal property of an individual entrepreneur of a bankrupt, participants of full partnerships, property of former participants of full and kommandit partnerships, participants of additional liability partnership, as well as members of production cooperative upon which the execution may be levied upon deficiency of a property of a bankrupt shall be included to the property mass and considered separately in accordance with the legislation of the Republic of Kazakhstan.

3. In cases when the Laws of the Republic of Kazakhstan provide subsidiary responsibility of other persons for bringing of the debtor to bankruptcy, the size of this responsibility shall be determined as a difference between total sum of requirements of the creditors and property mass of a bankrupt. Bankruptcy manager shall be obliged submit requirements to such persons in behalf of all the creditors of the debtor. Submission of such requirements by separate creditors in own behalf shall not be allowed.

4. Property mass shall not include:

1) material values of the state material reserve;

2) allocated assets that are the guarantees on obligations of special financial company upon project financing and guarantees on the bonds of special financial company upon securitization in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization, and pledged property being the following guarantee on mortgage bonds: right of demand under contracts of residential mortgage loan (including the mortgage certificates), as well as state securities of the Republic of Kazakhstan in cases when the right of property to the mentioned bonds occurred at their holders or transferred to them under the transactions or other grounds provided by the legislative acts of the Republic of Kazakhstan. Mentioned property and allocated assets shall be transferred by a bankruptcy manager to the representative of holders of mortgage bonds, representative of the creditors and (or) holders of the bonds determined in accordance with the legislation of the Republic of Kazakhstan on a project financing and securitization for satisfying requirements of the creditors;

2-1) property sold to a state Islamic special purpose financial company on the basis of a decision of the Government of the Republic of Kazakhstan;

3) funds of liquidation funds created in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use;

4) property that is part of the assets of a public-private partnership entity, including concessions;

5) unities of the emission reduction quotas, certified emission reduction, internal emission reduction, greenhouse gases absorption provided by the Environmental Code of the Republic of Kazakhstan;

6) pledged property in case of its transfer to the pledge creditor in the manner and on conditions provided by Article 104 of this Law;

7) rights of a temporary gratuitous and temporary short-term compensated lands use (rent)
;

8) financial instruments of the client (clearing member) of a clearing house, which are full or partial collateral for obligations for transactions, margins, contributions to clearing (guarantee or reserve) funds provided for by the legislation of the Republic of Kazakhstan on the securities market;

9) voting shares (participatory interests in the authorized capital) of a legal entity that carries out the activity in the field of equity participation in the construction of a residential house (residential building).

Footnote. Article 96 as amended by the Law of the Republic of Kazakhstan dated 31.10.2015 № 380-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016); dated 07.04.2016 № 487-V (shall be enforced upon expiry of six months after the day its first official publication).

Article 97. Inventory of property mass of a bankrupt

1. Temporary manager shall conduct inventory of the property mass of a bankrupt and represent a report on inventory to the first creditors' meeting.

2. On the basis of the report on inventory, the creditors' meeting shall adopt decision on:

1) approval of the report on inventory and on instruction to the bankruptcy manager to begin assessment and sale of the property mass;

2) clarification of report on inventory and establishment of the term of representing report on repeated inventory to a bankruptcy manager that shall not exceed ten business days.

3. In respect of newly detected or returned property (assets) to the debtor, the bankruptcy manager shall be obliged to represent the report on inventory to the creditors' commission within five business days from the date of adoption of such property under own protection and control.

Article 98. Assessment of costs of a property (assets) of a bankrupt

1. Decision on conducting assessment of a property (assets) mentioned in the report of a temporary manager on inventory shall be adopted by the creditors' meeting.

Decision on conducting assessment of newly detected property (assets) or returned to the property mass shall be adopted by the creditors' commission upon consideration of the report of a bankruptcy manager on inventory.

2. Decision of meeting or commission of the creditors on assessment shall contain:

1) details on a quantity and composition of the competition committee;

2) terms for announcement and holding of competition on selection of the adjuster.

3. In accordance with decision of meeting or commission of the creditors, the bankruptcy manager shall conduct assessment of a property (assets) of the debtor including debtor indebtedness with involvement of the relevant of specialists on a competitive basis.

4. Bankruptcy manager shall have the right to set a property for electronic auction on the basis of decision of the creditors' meeting according to balance costs.

Article 99. Sale of a property (assets) of a bankrupt

1. Sale of a property of a bankrupt including the right of demand shall be carried out by a bankruptcy manager by conducting electronic auction in accordance with the sales plan or method of direct sales.

Procedure for conduct and organizer of electronic auction on sale of a property (assets) of the debtor (bankrupt) shall be determined by the authorized body.

2. Sales plan shall be drawn up by a bankruptcy manager on the basis of data of inventory and assessment of property mass of a bankrupt, as well as on the basis of decision of the creditors' meeting on setting a property for electronic auction according to balance costs.

In existence of property complex in the property mass of a bankrupt used in entrepreneurial activity for production of commodities, performance of works and (or) rendering of services, the sales plan shall contain compulsory condition on setting such complex for auction in single lot no less than twice.

Bankruptcy manager shall be obliged to draw up and represent sales plan to the creditors' meeting within the term established by the creditors' meeting.

In case if the auction in single lot was not done or no one of its participants acquired a single lot, sale of a property shall be carried out in separate lots.

3. Sale of a property of a bankrupt restricted in turn shall be carried out on a closed electronic auction. Participants of a closed electronic auction may be the persons having the right to acquire such property.

4. Property of a bankrupt that supposed to be sold, but left unsold in accordance with a sales plan of the property shall be subject to transfer to the creditors of the relevant priority that did not satisfaction of own requirements in a full measure, with their agreement to the joint shared ownership on reserved price mentioned in the sales plan.

5. Upon selling strategic object, the Republic of Kazakhstan shall have priority right to acquire such property.

Bankruptcy manager shall carry out sale of a strategic object after receipt of a decision of the Government of the Republic of Kazakhstan on issuance of permission for its allocation in accordance with the Law of the Republic of Kazakhstan "On state property".

6. In the event of the direct sale of the property (assets) of a bankrupt or a bankrupt enterprise, the price and other terms of sale, as well as the buyer and the period of concluding the contract of sale with him/her/it, are determined by the unanimous decision of a meeting of creditors and require the consent of the property owner, founding shareholders (participants) of the debtor.

7. In cases of existence of a property in the property mass of a bankrupt, the cost of which will significantly decrease within the term until appointment of a bankruptcy manager (perishable products, livestock and other commodities requiring urgent selling), the temporary manager shall be obliged to draw up a sales plan of such property and represent it for concurrence of the authorized body within the term no later than three business from the date of detection of such property.

Authorized body shall be obliged to consider an application of the temporary manager within two business days and adopt decision on concurrence or on refusal in concurrence of the sales plan with immediate notification of the temporary manager on adopted decision.

Temporary manager shall be obliged to sale a property in accordance with approved sales plan.

Footnote. Article 99 as amended by the Laws of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 99-1. Sale of a bankrupt enterprise

1. For the purposes of this article, a bankrupt enterprise is a property complex used for carrying out entrepreneurial activity and including all types of property such as buildings, facilities, equipment, inventory, raw materials, products, the right to a land plot, claims, debts and also the right to designations ascertaining its activity (brand name, trademarks) and other exclusive rights.

2. The sale of the enterprise shall be direct.

3. The sale of the enterprise shall be documented in the contract of purchase and sale of the enterprise, which the bankrupt manager concludes with the buyer.

4. The buyer shall pay for the enterprise, in accordance with the contract of purchase and sale of the enterprise, within thirty working days from the date of signing the contract.

Within three working days from the date of payment, the bankruptcy manager is obliged to transfer the money received from the sale to the owner of the property or a founding shareholder (participant) after the deduction of administrative expenses incurred in the course of bankruptcy proceedings in accordance with the administrative expenses budget.

The bankruptcy manager's transfer of the enterprise and its acceptance by the buyer are carried out under the deed of transfer signed by the parties and executed in accordance with the legislation of the Republic of Kazakhstan.

5. After the creditors' claims are satisfied, the bankruptcy manager submits to the court the final report on his/her activity approved by a meeting of creditors.

6. For the sale of a bankrupt enterprise, the court shall approve the final report.

The decision to declare the debtor bankrupt and liquidate it along with the initiation of bankruptcy proceedings is subject to revocation by the court that issued the decision.

Footnote. Chapter 6 is supplemented by Article 99-1 in accordance with the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 100. Order of priority of distribution of a property mass

1. Administrative and court costs shall be covered out of turn on behalf of a property of a bankrupt.

Administrative costs linked with conducting a bankruptcy proceeding shall include the costs on payment for services of involved specialists, sums of current payments to temporary and bankruptcy managers, payment for labour to persons working under the labour contract, obligation on payment of which occurred from the date and within the period after initiation of a bankruptcy case.

Administrative costs shall also include taxes and other compulsory payments to the budget calculated by a tax payer according to tax reporting, accrued by the body of state

revenues based on results of tax inspections for the tax periods next to the tax period in which the bankruptcy proceeding is applied.

Sums of administrative costs within the agreement concluded by the creditors' commission with a bankruptcy manager may be paid by the manager as far as they occur.

2. Claims that shall be satisfied in the first place (preferred claims) concern the compensation for damage caused to life and health; recovery of alimony; payment of remuneration and compensations to persons who worked under employment contracts, payment of arrears of social contributions to the State Social Insurance Fund, mandatory pension contributions and mandatory professional pension contributions, mandatory social health insurance contributions and (or) fees, royalties under author contracts.

Preferred claims are repaid in the order of priority set forth in this paragraph.

If the property is insufficient to repay creditors' claims of compensation for damage caused to life or health, the property is distributed among creditors in proportion to the amounts of their claims included in the register. The provisions of this part are applied to discharge claims of creditors concerning the recovery of alimony, payment of labor remuneration and compensations to persons who worked under an employment contract, arrears of social contributions to the State Social Insurance Fund, mandatory pension contributions, mandatory professional pension contributions, mandatory social health insurance contributions and (or) fees, royalties under author contracts.

3. Secondly, the requirements of the creditors on obligations secured by pledge of a property of a bankrupt, formalized in accordance with the legislation of the Republic of Kazakhstan in cases provided by Article 104 of this Law, as well as requirements occurred in a result of receipt of the credit by a bankruptcy manager in the period of conducting bankruptcy proceeding shall be satisfied.

4. On a third-priority basis, debts on taxes and other compulsory payments to the budget shall be covered.

5. On a fourth-priority basis the calculations with other creditors on civil and other obligations shall be made, as well as requirements of the creditors in case provided by paragraph 3 of Article 104 of this Law shall be satisfied.

6. On a fifth-priority basis, requirements of the creditors on compensation for losses and recovery of penalties (fines, late fees) shall be satisfied.

Footnote. Article 100 as amended by the Laws of the Republic of Kazakhstan dated 07.11.2014 No. 248-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 22.04.2015 No. 308-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 16.11.2015 № 406-V (shall be enforced from 01.07.2017).

Article 101. Rules of calculations with the creditors

1. Requirements of each priority shall be satisfied after full satisfaction of requirements of the previous queue.

Requirement of the creditor with his (her) consent may be satisfied by the methods not inconsistent with the legislation of the Republic of Kazakhstan, as well as in a monetary form and (or) by transfer of a property in kind.

The creditor, except for the creditor of taxes and other mandatory payments to the budget, social contributions to the State Social Insurance Fund and mandatory pension contributions, mandatory professional pension contributions, mandatory social health insurance contributions and (or) fees, must express his/her/its written consent (disagreement with) for the acceptance of property in kind to discharge the claim within fifteen calendar days from the day it was proposed by the bankruptcy manager. The creditor's non-submission of written consent within the established period is deemed to be a refusal to accept property in kind.

2. Under decision of the creditors' commission, the bankrupt manager shall be obliged to file a complaint to a creditor on offset of requirements no later than ten business days from the date of its acceptance, if the offset of requirements does not violate priority order of satisfying requirements of the creditors, is a direct, mutual and without involvement of other persons. Offset shall be allowed only upon requirements on payment of money.

3. Requirements of creditors filed after expiration of the term provided by paragraph 3 of Article 90 of this Law, but before approval of liquidation balance shall be satisfied from a property of a bankrupt remained after satisfying requirements of the creditors filed in established term, with the exception of repeatedly filed requirements of the creditors in consideration of accrued penalty and remuneration (behalf) or other fine sanctions, losses.

4. Requirements of the creditors of the first priority filed before completion of calculations with all the creditors shall be subject to satisfaction on account of the property mass. Before inclusion of such requirements into register, discharging requirements of the creditors shall be suspended.

4-1. Requirements of the creditors occurred in a result of receipt of the credit by a bankruptcy manager during conducting a bankruptcy proceeding shall be discharged after full satisfying requirements of the creditors included to the composition of the second priority, the debts before whom occurred before initiation of the bankruptcy proceeding.

5. Requirements of the creditors not satisfied due to deficiency of a property of a bankrupt shall be considered as discharged.

Stated sums shall be written off by the creditor with debtor indebtedness on the basis of the court regulation on completion of the bankruptcy proceeding.

Footnote. Article 101 as amended by the Law of the Republic of Kazakhstan dated 22.04.2015 No. 308-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 16.11.2015 № 406-V (shall be enforced from 01.07.2017).

Article 102. Sum and procedure for satisfying requirements of the creditors of the first priority

1. Determination of a sum of requirements of citizens before whom the debtor shall bear responsibility for infliction of harm to life and health shall be carried out by capitalization of the relevant payments due over time (in amount for a date of declaring the debtor as bankrupt) subjected to payment to the citizen until reaching seventy years by him (her), but no less than for ten years. In case if age of a citizen exceeds seventy years, the period of capitalization of the relevant payments due over time is ten years.

2. Payment of a sum determined in accordance with the manner provided by paragraph 1 of this Article terminates the relevant obligation of a bankrupt.

3. Requirements of the creditors of the first priority on compensation of harm for infliction of harm to life and health being left unsatisfied due to deficiency of a property of a bankrupt, shall be compensated in the manner established by the civil legislation of the Republic of Kazakhstan.

4. Upon determination of a sum of requirements of the creditors on payment for labour and payment of compensations, the debts formed for the date of initiation of the proceeding with regard to bankruptcy case shall be considered as a part of the first priority, with the exception of cases provided by paragraphs 5 and 6 of this Article.

5. Requirements of the creditors on payment for labour and payment of compensations, labour relations with whom are occurred within the period of time beginning from one year till initiation of the proceeding with regard to bankruptcy case, shall be considered as a part of the first priority at the rate of no more than average monthly salary existed at the debtor for twelve calendar months preceding one year before initiation of the proceeding with regard to bankruptcy case. Remained sums of requirements shall be considered as a part of the fifth priority.

6. Sums of increasing requirements of the creditors on payment for labour and payment of compensations formed in a result of increasing salary of the employee in the period calculated beginning from one year till initiation of the proceeding with regard to bankruptcy case shall be considered in the register of requirements of the creditors as a part of the fifth priority.

Article 103. Sum and procedure for satisfying requirements of the creditors of the second priority

1. Upon determination of a sum of requirements on the obligation secured by a pledge, the debts on the obligation in a part secured by a pledge formalized in accordance with the legislation of the Republic of Kazakhstan shall be considered.

2. Requirements of the creditor on obligation secured by a pledge shall be satisfied within the amount of sum realized from selling the subject of pledge. Sum of requirements exceeding the amount of sum realized from selling the subject of pledge shall be subject to inclusion into the composition of the fourth priority.

3. In case of agreement of the pledge creditor to receive pledged property in kind, the discharge of his (her) requirements shall be made in the manner and on conditions provided by Article 104 of this Law.

4. Procedure established by Article 104 of this Law shall not apply to the creditors the requirements of whom are occurred in a result of receipt of the credit by a bankruptcy manager in the period of conducting a bankruptcy proceeding.

Footnote. Article 103 as amended by the Law of the Republic of Kazakhstan dated 22.04.2015 No. 308-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 104. Satisfaction of requirements of pledge creditors

1. Bankruptcy manager shall be obliged to conduct assessment of a pledged property within forty five calendar days from the date of adoption of decision by the creditors' meeting on conducting assessment of the pledged property and introduce a question on a transfer of the pledged property to the pledge creditors on account of satisfying their requirements at the regular session of the creditors' meeting.

2. Creditors' meeting shall adopt decision on agreement (refusal) to transfer a pledged property to the pledge creditor in consideration of results of assessing the pledged property.

In case if the meeting adopted decision on agreement to transfer a pledged property to the pledge creditor, the pledge creditor shall be deprived of the voting right at the creditors' meeting upon adoption of decisions on the rest questions included to the competition of the creditors' meeting.

In case if the meeting adopted decision on refusal to transfer a pledged property to the pledge creditor, the pledge creditor shall have the voting right at the creditors' meeting upon

adoption of decisions on the rest questions, the pledged property shall be subject to inclusion to the property mass, and requirements of the pledge creditor shall be subject to satisfaction as a part of the second priority according to Article 103 of this Law.

Non-attendance of the pledge creditor at the creditors' meeting shall be equated to refusal from acceptance of a pledged property. Upon refusal of the pledge creditor from acceptance of a pledged property in kind, the pledged property shall be included to the property mass of a bankrupt and requirements of the pledge creditor shall be subject to satisfaction in the manner of the second priority.

Voting of the pledge creditor against transfer of a pledge property to him (her) shall be also equated to refusal from acceptance of the pledged property.

3. In case if the assessed cost of a pledged property with deductions of a sum paid by the pledge creditor on account of satisfying requirements of the creditors of the first priority is more than requirements of the pledge creditor impaired by the pledge, the difference shall be returned by the pledge creditor to the property mass of a bankrupt no later than thirty calendar days from the date of adoption of decision by the creditors' meeting on a transfer of the pledged property to the pledge creditor.

In case if assessed cost of a pledged property is less than requirement of the pledge creditor that included into the register of requirements of the creditors in accumulation with a sum paid by the pledge creditor on account of satisfying requirements of the creditors of the first priority, the requirement of the pledge creditor in amount of difference shall be included into the register of requirements of the creditors and shall be subject to satisfaction as a part of the fourth priority.

4. Within the term up to thirty calendar days from the date of adoption of decision by the creditors' meeting on a transfer of a pledged property, the pledge creditor shall be obliged to discharge requirements of the creditors of the first priority and administrative costs linked with preservation and maintenance of the pledged property. In case if the creditors' meeting adopted decision in respect of several pledge creditors on a transfer of a pledged property to them, the discharge of requirements of the creditors of the first priority shall be made by such pledge creditors proportionally to the size of their requirements impaired by the pledge.

Transfer of a pledged property to the pledge creditor shall be made after discharge of requirements of the creditors of the first priority by him (her) and administrative costs linked with preservation and maintenance of the pledged property.

5. In case of redemption of any sums by the debtor in the process of performance of contractual obligations before initiation of a case of bankruptcy, the requirements of the pledge creditors shall not be subject to satisfaction in a part in which they are discharged.

In case of insurance compensation for loss or damage of a pledged property, requirements of the pledge creditors shall not be subject to satisfaction in a part in which it is compensated, and any outstanding part of these requirements shall be discharged within the frame of the fourth priority.

Article 105. Sum and procedure for satisfying requirements of the creditors of the third priority

1. Upon determination of sums of requirements included as a part of requirements of the third priority, the debts on taxes and other compulsory payments to the budget formed for the date of initiation of the proceeding with regard to bankruptcy case shall be considered.

2. In case if the debtor transferred taxes and other compulsory payments to the budget in the period after initiation of the proceeding with regard to bankruptcy case not in a full measure, the sums not paid before issuance of decision by the court on declaring the debtor as bankrupt and its liquidation through the bankruptcy proceeding shall be included to the sum of debts of the debtor before the creditors of the third priority.

Article 106. Sum and procedure for satisfying requirements of the creditors of the fourth priority

1. Upon determination of sums of requirements included as a part of requirements of the fourth priority, the requirements of the creditors on civil and other obligations, as well as requirements of pledge creditors occurred in accordance with Article 104 of this Law shall be considered.

2. Upon deficiency of a property, it shall be distributed between the creditors of the fourth priority proportionally to sums of their requirements subjected to satisfaction.

Article 107. Sum and procedure for satisfying requirements of the creditors of the fifth priority

Upon deficiency of a property, the requirements of the creditors on compensation of losses and recovery of penalties (fines, late fees), as well as requirements of the creditors mentioned in paragraphs 5 and 6 of Article 102 of this Law shall be subject to satisfaction proportionally to the sums of their requirements included into the register.

Article 108. Property remained after satisfaction of requirements of the creditors

1. Money remained after satisfaction of requirements of the creditors shall be transferred by a bankruptcy manager to a property owner of a bankrupt or his (her) founders (participants) in accordance with the legislation of the Republic of Kazakhstan or constitutive documents of the bankrupt.

2. Property of a bankrupt in kind remained after satisfaction of requirements of the creditors that was supposed to be sold, but left unsold, as well as was not accepted by the creditor on account of satisfying a requirement shall be transferred to owner or participants (founders) of a bankrupt, with the exception of cases provided by the civil legislation of the Republic of Kazakhstan, as well as if such property was not accepted by the administrator on account of compensation of administrative costs and by the creditor on account of satisfying requirement.

Article 109. Release of a bankrupt from debts

1. After completion of calculations with the creditors, the bankrupt shall be released from fulfillment of obligations and other requirements submitted to execution and considered upon declaring a legal entity as bankrupt.

After completion of calculations with the creditors, the individual entrepreneur declared as bankrupt shall be released from fulfillment of remained obligations linked with

entrepreneurial activity, except for the requirements of the citizens before whom the person declared as bankrupt shall bear responsibility for infliction of harm to life or health, as well as other requirements of personal nature provided by the Laws of the Republic of Kazakhstan.

2. Bankrupt shall not receive release from debts, if concealed or transferred a part of his (her) property to other person for the purpose of concealing within three years before initiation of a case on rehabilitation and bankruptcy, stifled or fabricated necessary reporting information including accounts books, accounts, documents.

Article 110. Final report of the bankruptcy manager

After the creditors' claims are satisfied, the bankruptcy manager submits to the court the final report on his/her activity approved by a meeting of creditors along with the liquidation balance sheet and the report on the use of property left after the satisfaction of creditors' claims.

In the event of the sale of a bankrupt enterprise, the liquidation balance sheet is not attached.

2. The court shall approve the final report of the bankruptcy manager, the liquidation balance sheet and issue a ruling to complete bankruptcy proceedings within fifteen calendar days from the date of their submission.

After bankruptcy proceedings are complete, the court forwards an extract from the approved final report of the bankruptcy manager containing information on the unsatisfied claims of the preferred creditors to the authorized body, except for the case of the sale of a bankrupt enterprise.

A ruling to complete bankruptcy proceedings shall also resolve disputable issues related to the payment of remuneration to the bankruptcy manager and the bankrupt's property that wasn't sold. The court forwards a copy of the ruling to the body conducting the state registration of legal entities, to the authorized body, territorial body of the authorized body in the field of state statistics, as well as to the bankrupt's creditors whose claims were not satisfied. The effect of this part does not apply to cases of the sale of a bankrupt enterprise.

Footnote. Article 110 in the new wording of the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 111. Placement of the list of bankrupts on the Internet resource of the authorized body

The authorized body in the field of bankruptcy places on its Internet resource a list of bankrupts (individual entrepreneurs, legal entities), in respect of whom court decisions declaring them bankrupt have entered into legal force.

A debtor is removed from the list, if a decision to declare him/her/it bankrupt was revoked, a settlement agreement was concluded or a bankrupt enterprise was sold.

The list includes the surname, name, patronymic (if it is indicated in the identity document), or the debtor's name, type of economic activity, details, the surname, name, patronymic (if it is indicated in the identity document) of the chief executive and founding shareholders (participants), the date of the court decision to declare the debtor bankrupt and the court decision to complete bankruptcy proceedings.

2. The list of bankrupts placed on the Internet resource of the authorized body is updated every month on or prior to the twentieth day of the month following the elapsed month by including bankrupts, in respect of whom court decisions to declare them bankrupt entered into legal force in the elapsed month, as well as by removing bankrupts, in respect of whom court rulings to approve a settlement agreement or the final report for the sale of a bankrupt enterprise became legally effective.

Footnote. Article 111 in the new wording of the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 112. Completion of liquidation of a bankrupt

1. Liquidation of a bankrupt is deemed complete, and a bankrupt – liquidated after making a relevant entry in the state registers of legal entities and individual entrepreneurs, except for cases provided for by this Law.

2. Orders on exclusion of a bankrupt from the register of legal entities by bodies carrying out state registration of legal entities shall be directed to the court and authorized body, as well as body of state revenues at the location of the bankrupt.

3. Members of the board of directors of joint stock companies, heads and members of executive body, senior accountant of bankrupts of legal entities shall be introduced into the register of founders of the bankrupts that shall be formed by the authorized body.

4. The sale of a bankrupt enterprise is a ground for the revocation of the court decision to declare the debtor bankrupt and liquidate it along with the initiation of bankruptcy proceedings by the court that made the decision.

After the decision's revocation, a legal entity or an individual entrepreneur continues to carry out his/her/its activity.

Footnote. Article 112 as amended by the Law of the Republic of Kazakhstan dated 07.11.2014 No. 248-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Chapter 6-1. Settlement agreement

Footnote. The Law is supplemented by Chapter 6-1 in accordance with the Law of the Republic of Kazakhstan dated 13.11.2015 № 399-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Article 112-1. Conditions for the conclusion of a settlement agreement

1. A debtor and creditors are entitled to conclude a settlement agreement at any stage of bankruptcy proceedings.

2. On the part of creditors, a decision to conclude the settlement agreement is made by a meeting of creditors.

On the part of a bankrupt, a decision to conclude the settlement agreement is made by the owner of the property, a founding shareholder (participant) of the bankrupt and the bankruptcy manager.

Third parties are allowed to be parties to the settlement agreement provided that they assume the rights and obligations thereof.

3. The settlement agreement shall be affirmed by court.

Affirming the settlement agreement, the court issues a ruling on the affirmance of the settlement agreement, which states that bankruptcy proceedings are terminated and the decision to declare the debtor bankrupt and initiate bankruptcy proceedings is not enforceable.

4. The settlement agreement takes effect on the date of entry into force of the court ruling on its affirmance and shall be binding on the debtor, creditors and third parties thereto.

5. Unilateral refusal to enforce the settlement agreement is prohibited.

Article 112-2. Content of a settlement agreement

1. A settlement agreement may be concluded on the terms of:

1) deferment and (or) extension of the term of the bankrupt's obligations;

2) assignment of claims of a bankrupt;

3) fulfillment of bankrupt's obligations by third parties;

4) transfer of a debt;

5) exchange of creditors' claims for the bankrupt's shares, participatory interests in the authorized capital, with account of restrictions provided for by the legislation of the Republic of Kazakhstan;

6) satisfaction of creditors' claims in other ways not contrary to the legislation of the Republic of Kazakhstan.

2. The settlement agreement shall contain information on the amount, procedure and deadlines for the fulfillment of obligations of a bankrupt and (or) termination of his/her/its obligations.

3. On the part of the bankrupt, the settlement agreement is signed by the owner of the property, a founding shareholder (participant) of the bankrupt or his/her/its authorized person and the bankruptcy manager. On behalf of creditors, the settlement agreement is signed by a meeting of creditors.

4. If there are third parties to the settlement agreement, on their part, it is signed by these persons or their authorized representatives.

5. The settlement agreement must contain provisions on the procedure and deadlines for the fulfillment of the debtor's obligations to creditors.

6. The terms of the settlement agreement for creditors who voted against its conclusion or did not take part in voting shall not be worse than for creditors who voted for its conclusion.

Article 112-3. Conditions for concluding a settlement agreement on the part of a state body

1. If, in case of conclusion of a settlement agreement, one of the creditors is a state body, the settlement agreement can be concluded on the terms of deferring the repayment of indebtedness to such a state body for one year at most from the date of the affirmance of the settlement agreement.

Repayment of indebtedness for taxes and other mandatory payments to the budget shall comply with the requirements of part one of this article for the collateral of the property of a bankrupt and (or) third party and (or) bank guarantee.

2. The property to be pledged as collateral must be liquid, insured against the loss or damage and its market value must be at least as large as the amount of arrears of taxes and other mandatory payments to the budget. The following items may not be used as collateral:

- 1) life support facilities;
- 2) electric, thermal and other types of energy;
- 3) arrested property;
- 4) property under restrictions imposed by state bodies;
- 5) property encumbered with the rights of third parties;
- 6) perishable raw materials, food products.

Article 112-4. Affirmance of a settlement agreement by court

1. A settlement agreement can be affirmed by court only after the repayment of indebtedness for preferred creditors' claims.

2. Within five working days from the date of making a decision to conclude the settlement agreement by a meeting of creditors, the bankruptcy manager shall petition the court for the affirmance of the settlement agreement.

3. The petition for affirming the settlement agreement shall be filed along with:

1) the settlement agreement signed by persons specified in paragraphs 3 and 4 of article 112-2 of this Law;

2) the minutes of a meeting of creditors that decided to conclude the settlement agreement ;

3) a list of creditors indicating the place of their residence or location, as well as amounts of arrears;

4) documents confirming the repayment of indebtedness for preferred creditors' claims;

5) written objections of creditors who voted against the conclusion of the settlement agreement.

4. If persons, who concluded the settlement agreement and were duly notified of the time and place of a court session, failed to appear in court, the latter shall not consider the affirmance of the settlement agreement, unless the court received these persons' application to consider this subject matter in their absence.

5. The court ruling to affirm the settlement agreement may be appealed (challenged) in accordance with the procedure established by the civil procedure legislation of the Republic of Kazakhstan.

6. The revocation of the court ruling to affirm the settlement agreement is a ground for initiating bankruptcy proceedings.

Article 112-5. Consequences of the affirmance of a settlement agreement

1. The affirmance of a settlement agreement is a ground to terminate bankruptcy proceedings.

The decision to declare the debtor bankrupt and liquidate it along with the initiation of bankruptcy proceedings is no longer enforceable.

2. The powers of a bankruptcy manager are terminated from the date of entry into legal force of the court ruling to affirm the settlement agreement.

3. From the date of entry into legal force of the court ruling on the affirmance of the settlement agreement:

1) the debtor and (or) third parties get down to the repayment of indebtedness to creditors in accordance with the terms of the settlement agreement;

2) the effect of consequences applied to the debtor in accordance with article 87 of this Law is terminated.

Article 112-6. Refusal to affirm a settlement agreement and its consequences

A ground for a court to refuse to affirm a settlement agreement is:

1) a failure to repay indebtedness for the preferred creditors' claims by the debtor and/or third parties;

2) violation of the procedure for concluding the settlement agreement established by this Law;

3) violation of the rights and legitimate interests of participants of bankruptcy proceedings and (or) third parties;

4) that the settlement agreement is contrary to the legislation of the Republic of Kazakhstan.

2. The ruling to refuse to affirm the settlement agreement issued by court may be appealed (challenged) in accordance with the procedure established by the civil procedure legislation of the Republic of Kazakhstan.

3. If the court issues a ruling to refuse to affirm the settlement agreement, the settlement agreement is deemed not concluded.

4. Issuance of the ruling to refuse to affirm the settlement agreement by court shall not be an obstacle to concluding a new settlement agreement.

Article 112-7. Termination of a settlement agreement and its consequences

1. Individual creditors and a debtor are not allowed to terminate a settlement agreement affirmed by court.

2. The settlement agreement may be terminated by a court decision in respect of all creditors upon the application of a creditor (creditors) possessing, as of the date of filing the application, at least twenty five percent of the claims from the total amount of claims included in the register of creditors' claims, and also in case of the failure of the debtor and (or) third parties to fulfill the terms of the settlement agreement in respect of such creditors.

3. The application for terminating the settlement agreement shall be considered by the court that affirmed it.

4. The case on the application for terminating a settlement agreement is considered by court under the general rules provided for by the civil procedure legislation of the Republic of Kazakhstan.

Article 112-8. Initiation of bankruptcy proceedings after the cancellation of a court ruling on the affirmance of a settlement agreement or the termination of a settlement agreement

1. Bankruptcy proceedings terminated following a court ruling on the affirmance of a settlement agreement shall be initiated in cases of:

- 1) revocation of the court ruling on the affirmance of the settlement agreement;
- 2) the court decision to terminate the settlement agreement.

2. The court, that made a decision to revoke the court ruling on the affirmance or termination of the settlement agreement, must order the initiation of bankruptcy proceedings and appointment of a temporary manager from among the persons registered with the authorized body in the judicial act.

3. Bankruptcy proceedings are carried out in accordance with the procedure established by chapter 6 of this Law.

4. The temporary manager is obliged to hold the first meeting of creditors within forty-five calendar days from the day of his/her appointment.

Article 112-9. Consequences of the revocation of a court ruling on the affirmance of a settlement agreement or the termination of a settlement agreement

The revocation of a court ruling on the affirmance or termination of a settlement agreement shall not oblige preferred creditors to return what they received as repayment of indebtedness to the bankrupt.

2. Claims of creditors with whom settlements were made under the terms of a settlement agreement are deemed to be repaid.

3. In the event of revocation of the court ruling on the affirmance or termination of a settlement agreement and initiation of bankruptcy proceedings, the amount of claims of creditors in respect of whom the settlement agreement was concluded shall be determined with account of the terms established by the settlement agreement.

Chapter 7. SIMPLIFIED BANKRUPTCY PROCEEDINGS

Article 113. Bankruptcy of the liquidated debtor

1. Upon detection of circumstances provided by subparagraph 1) of paragraph 2 of Article 11 of this Law, the liquidation commission shall be obliged to represent application on declaring the debtor as bankrupt to the court. Upon detection of mentioned circumstances liquidation commission shall be obliged to notify the legal entity – debtor about them.

2. From the date of initiation of a case by the court on bankruptcy, the consequences provided by article 50 of this Law shall apply to a property owner of the debtor and its founders (participants).

Article 114. Consideration of case by the court

1. Court that initiated a case on declaring the liquidated legal entity as bankrupt shall issue a regulation on declaring the debtor as bankrupt and its liquidation within a monthly term.

2. If upon consideration of case it will be established that the property (assets) available at the debtor allows satisfying requirements of all the creditors in a full measure, the court shall issue decision on refusal to declare the debtor as bankrupt. Court decision is the ground for continuation of liquidation of the debtor in the manner established by the civil legislation of the Republic of Kazakhstan.

Article 115. Procedure for liquidation of the debtor

Liquidation of the debtor in the manner provided by Articles 84-112 of this Law shall be carried out by a bankruptcy manager.

Article 116. Consequences of refusal from liquidation of the debtor in the manner of bankruptcy

1. If regardless of existence of circumstances upon which the legal entity shall be liquidated only in the manner of bankruptcy, the owner, founders (participants), liquidation commission did not refer to the court with application on declaring the debtor as bankrupt and carried out liquidation of the legal entity, non-satisfaction of requirements of all the creditors

in a full measure is the ground for refusal in the state registration of termination of activity of the legal entity.

2. Creditors shall have the right to submit requirements remained unsatisfied to a property owner of the debtor, founders (participants), liquidation commission (liquidator), if they shall bear responsibility on outstanding obligations of the debtor in accordance with this Law or other Laws of the Republic of Kazakhstan.

Article 117. Bankruptcy of the liquidated debtor upon application of the creditor

1. Adoption of decision by the owner, founders (participants) of a legal entity on its liquidation is not the impediment for reference of the creditor to the court on declaring such legal entity as bankrupt.

2. In case of adoption of decision by the court on declaring the debtor as bankrupt, the provisions of this chapter shall not be applied, and liquidation of the debtor shall be carried out in accordance with the rules provided by Articles 84-112 of this Law.

Article 118. Liquidation of a bankrupt without initiation of the bankruptcy proceeding by the authorized body

1. Upon imposition of conducting liquidation procedure on the authorized body, the rights and obligations of the administrator provided by this Law shall transfer to the authorized body in accordance with paragraph 2 of Article 57 of this Law.

2. In case of absence of assets of a bankrupt, as well as transactions subjected to invalidation in accordance with Article 7 of this Law, the authorized body shall be obliged to represent concluding statement and liquidation balance to the creditors' meeting within a monthly term for coordination.

3. Authorized body shall be obliged to:

1) represent concluding statement and liquidation balance to the court for approval within two business days from the date of coordination with the creditors' meeting;

2) close accounts of a bankrupt and deliver the forms of taxpayer certificate and certificate on registration on value added tax (when available) to the body of state revenues within three business days after approval of the concluding statement by the court.

4. Upon detection of the property mass and (or) return of previously derived property to the property mass in the course of conducting liquidation of the debtor, the authorized body shall be obliged to refer to the court on revision of the court decision on declaring the debtor as bankrupt without initiation of the bankrupt proceeding on newly opened circumstances and initiation of the bankrupt proceeding.

Footnote. Article 118 as amended by the Law of the republic of Kazakhstan dated 07.11.2014 No. 248-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Chapter 8. SPECIAL ASPECTS OF A BANKRUPTCY OF CITY-FORMING LEGAL ENTITIES

Article 119. Bankruptcy of city-forming debtors-legal entities

1. Debtor-legal entity that is city-forming may be declared as bankrupt in cases and in the manner established by this Law considering the special aspects established by this chapter.

2. Appropriation of legal entities to city-forming and maintenance of their list shall be made in the manner established by the authorized body on a regional development.

Footnote. Article 119 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 120. Consideration of bankruptcy case

1. Upon consideration of bankruptcy case of a city-forming legal entity by the person participating in the case, the relevant administrative-territorial entity represented by the

representative authorized by the akim shall be recognized. After initiation of bankruptcy case of a city-forming legal entity, the court shall be obliged to notify a representative of the akim and authorized body about this.

2. Application of the debtor on declaring it as bankrupt, as well as answer of the debtor to application of other persons on declaring it as bankrupt shall be accompanied by the documents certifying on appropriation of the debtor to city-forming legal entities.

3. Upon preparation to consideration of bankruptcy case of the debtor of a city-forming legal entity, the judge shall request abbreviate from the list of city-forming legal entities.

Article 121. Discharge of requirements of the creditors

1. Republic of Kazakhstan, administrative territorial entity at any time before issuance of the relevant decision by the court shall have the right to carry out simultaneous discharge of requirements of all the creditors secured by a pledge, and the creditors on civil obligations of the debtor-city forming legal entity.

2. In case of discharging requirements of the creditors in the manner provided by paragraph 1 of this Article, the proceeding on bankruptcy case shall be subject to termination.

3. Discharge of requirements of the creditors of the debtor-city forming legal entity by the Republic of Kazakhstan, administrative-territorial entity may not be accompanied with seizure or acquisition of a property of the debtor by them by other methods.

Chapter 9. SPECIAL ASPECTS OF REHABILITATION AND BANKRUPTCY OF AGROCULTURAL PRODUCERS

Article 122. Bankruptcy of agricultural producers

1. Debtor that is the agricultural producer shall be declared as bankrupt considering the special aspects established by this chapter.

2. Upon establishment of insolvency of agricultural producers, the obligations the term of fulfilling of which matured no sooner than the previous year shall be considered. By this, the year preceding initiation of the bankruptcy proceeding within which emergency situations of natural and technogenic character or especial unfavorable natural and climatic conditions are occurred that are the cause of non-fulfillment of the obligations in due time shall not be offset

Article 123. Documents accompanied additionally to application of the creditor or answer of the debtor

Besides the documents provided by this Law, the application of the creditor or answer of the debtor shall be accompanied additionally by:

1) cadastral description of lands;

2) data on emergency situations of natural and technogenic character or on natural and climatic conditions for the year preceding initiation of the bankruptcy proceeding when available.

In case of acknowledgement of own insolvency by the debtor in the answer to application of the creditor, body of state revenues and other authorized state body or the prosecutor, the representation of additional documents shall be optional.

In case of declaring the debtor as bankrupt or applying rehabilitation procedures to it, the expenses linked with receipt of additional documents shall relate to administrative costs.

Footnote. Article 123 as amended by the Law of the Republic of Kazakhstan dated 07.11.2014 No. 248-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 124. Prolongation of the term of rehabilitation procedure

In case if reaching the purposes of rehabilitation procedure is impossible due to emergency situations of natural and technogenic character or especial unfavorable natural and

climatic conditions, the court shall have the right to prolong the term of conducting rehabilitation procedure no more than for one year.

Article 125. Bankruptcy proceeding

1. Term of conducting bankruptcy proceeding established by paragraph 1 of Article 84 of this Law may be prolonged upon petition of a bankruptcy manager with agreement of the creditors' meeting no more than for one year.

2. Bankruptcy manager with the agreement of the creditors' commission shall carry out measures on supporting the costs of a property mass of a bankrupt that shall include:

1) measures on protection of lands in accordance with the land legislation of the Republic of Kazakhstan;

2) sowing and harvesting works, reproduction and growth of animals, birds, bees, processing of plant products, animal products, poultry breeding, beekeeping;

3) measures linked with supporting a property of the debtor in a proper condition for selling.

Expenses on supporting the costs of a property mass shall relate to administrative costs.

Article 126. Formation and sale of a property mass

1. Bankruptcy manager shall be obliged to ensure proper registration of the right of land use of a bankrupt, by this the incurred expenses shall relate to administrative costs.

2. Sale of a property of a bankrupt shall be made in accordance with Article 99 of this Law. By this the sales plan of a property of a bankrupt shall include additional condition on a primary set of a property mass as single lot in trading in the form of auction with compulsory preservation of main type of activity.

3. In case if the auction was not done or no one of its participants acquired a single lot, sale of a property shall be carried out in separate lots, by this the inclusion of the property included to the single production complex shall not be allowed to the separate lots.

In case if auction was not done by a lot to which the single production complex is included or no one of its participants acquired a single lot, its following selling shall be carried out in separate lots.

4. Bankruptcy manager shall be obliged to direct information to local executive bodies on results of conducted trades on selling a property in single lot, as well as property included to the single production complex within five business days from the date of conclusion of buy and sell contract.

5. In the absence of a buyer of a property mass in separate lots, the creditors shall have the right to receive satisfaction of own requirements on account of a property of a bankrupt in kind proportionally to the sum of their requirements in accordance with order of priority of distributing the property mass established by Article 100 of this Law.

6. Time and place of conducting auction on selling a property mass shall be determined by a bankruptcy manager with agreement of the creditors' meeting.

Chapter 10. FINAL PROVISIONS

Article 127. Responsibility for breach of the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy

Breach of the legislation of the Republic of Kazakhstan o rehabilitation and bankruptcy shall entail responsibility established by the Laws of the Republic of Kazakhstan.

Article 128. Order of entering of this Law into force

1. This Law enters into force upon expiry of ten calendar days after the date of its first official publication.

2. The Law of the Republic of Kazakhstan dated 21 January 1997 “On bankruptcy” shall be deemed to have lost force (The Bulletin of the Parliament of the Republic of Kazakhstan, 1997, No. 1-2, Article 7; No. 13-14, Article 205; 1998, No. 14, Article 198; No. 17-18, Article 225; 2000, No. 22, Article 408; 2001, No. 8, Article 52; No. 17-18, Article 240; No. 24, Article 338; 2002, No. 17, Article 155; 2003, No. 4, Article 26; No. 11, Article 67; 2004, No. 6, Article 42; No. 23, Article 142; 2005, No. 14, Article 57; 2006, No. 1, Article 4; No. 3, Article 22; No. 4, Article 24; No. 13, Article 86; No. 15, Article 95; 2007, No. 1, Article 4; No. 2, Article 14, 18; No. 9, Article 67; 2008, No. 13-14, Article 58; No. 23, Article 114; No. 24, Article 129; 2009, No. 2-3, Article 18; No. 18, Article 84; 2010, No. 5, Article 23; No. 7, Article 28; 2011, No. 1, Article 2, 9; No. 5, Article 43; No. 11, Article 102; No. 12, Article 111; No. 21, Article 161; 2012, No. 2, Article 14, 15; No. 6, Article 43; No. 8, Article 64; No. 15, Article 97; No. 21-22, Article 124; 2013, No. 10-11, Article 56).

The President
of the Republic of Kazakhstan

N.Nazarbayev