

LAW OF THE
KYRGYZ REPUBLIC
On Banks and Banking

Adopted by the Jogorku Kenesh of the Kyrgyz Republic

June 30, 2022

SECTION I
GENERAL PROVISIONS

Article 1. Scope of the Law

1. This Law shall regulate the issues of banking activities, the procedure for creation, reorganization and liquidation of banks, the procedure for processing information constituting a banking secrecy.
2. Activities of non-banking financial and credit institutions and other legal entities supervised by the National Bank of the Kyrgyz Republic (hereinafter referred to as the National Bank), shall be regulated by the laws and regulatory legal acts of the National Bank, unless otherwise provided by the Constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" and this Law.

Article 2. Banking Legislation

1. Banking legislation of the Kyrgyz Republic shall be regulatory legal acts of the Kyrgyz Republic regulating legal relations in the Kyrgyz Republic.
2. The norms of the codes and laws of the Kyrgyz Republic shall apply to banking legal relations in the part not regulated by the Constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" and this Law.
3. In the event of a conflict between the provisions of this Law and the provisions of the Civil Code of the Kyrgyz Republic, the provisions of the Civil Code of the Kyrgyz Republic shall apply. In cases of a conflict between the rules of the Law and the norms of other laws of the Kyrgyz Republic, the norms of this Law shall apply to the regulation of banking legal relations.
4. Draft regulatory legal acts of the Kyrgyz Republic affecting banking legal relations shall be subject compulsory agreement with the National Bank.

Article 3. Basic Principles of Banking Legal Relations

The basic principles of banking legal relations shall be:

- 1) Legality, honesty, conscientiousness, transparency, reasonableness, fairness, social responsibility;
- 2) Reliability and safety of banking activities;

- 3) Use of different forms and principles of banking and financing, including the Principles of Islamic Banking and Finance;
- 4) Other generally accepted basic principles provided for by the banking legislation of the Kyrgyz Republic and the international banking standards.

Article 4. Principles of Islamic Banking and Finance

1. The Principles of Islamic Banking and Finance shall be applied in the Kyrgyz Republic along with traditional banking and lending.
2. The Principles of Islamic Banking and Finance shall be the principles and rules for conducting banking operations and transactions in accordance with the Sharia'h standards.

The Sharia'h standards shall be understood as a set of rules for the implementation of economic or other activities developed and approved by international organizations that establish standards for the Islamic banking (Organization of Accounting and Auditing for Islamic Financial Institutions, Islamic Financial Services Board).

3. The norms of this Law and the banking legislation of the Kyrgyz Republic shall apply to banks, non-banking financial institutions and other credit organizations and other legal entities supervised by the National Bank, operating in accordance with the Principles of Islamic Banking and Finance, taking into account the specifics and features provided for by the regulatory legal acts of the Kyrgyz Republic regulating the Principles of Islamic Banking and Finance.

Article 5. Banking Terminology

The terms and definitions used in this Law shall be understood in accordance with their generally accepted meaning in the legislation of the Kyrgyz Republic and in the international banking practice, unless otherwise specified by this Law or other banking legislation of the Kyrgyz Republic.

Chapter 2. Basic Requirements for Banking and Payment Services, Disclosure of Information. Rights and Interests of Customers

Article 6. Basis for the Provision of Banking and Payment Services

1. Relationships between banks, non-banking financial and credit institutions and other legal entities supervised by the National Bank (persons providing banking services) with customers shall be built on the basis of the partnership principle in accordance with this Law, under the civil and other legislation of the Kyrgyz Republic. Customers shall be understood as legal entities, individuals, individual entrepreneurs using banking services.
2. Customers shall be free to choose a financial and credit institution and banking services. Persons providing banking services shall be obliged, at the request of the customer, to provide him/her with the opportunity to familiarize himself/herself with the constituent, permit documents and financial reports.

The provisions of this chapter shall apply to banks, non-banking financial and credit institutions and other legal entities supervised by the National Bank, including those operating in accordance with the Principles of Islamic Banking and Finance, taking into account the specifics stipulated by the provisions of the Principles of Islamic Banking and Finance.

Article 7. Disclosure of Information about Banking Services

1. The general conditions for the provision of banking services shall be open information and cannot be the subject of commercial or banking secrecy.

2. Prior to the conclusion of any contract for the provision of banking services, the customer shall be provided with full disclosure of information about the services.

Refusal to provide comprehensive information about the conditions and cost of the services provided shall not be allowed.

3. Persons providing banking services shall be obliged to make sure that the customer fully understands the conditions of the services provided, the associated risks and liability.

4. Changes in the general conditions for the provision of banking and payment services, with the exception of information on interest and exchange rates, shall be published in the media or on official websites at least ten business days before they come into force, and also permanently posted on information boards. Information about changes in interest and exchange rates shall be published immediately.

5. Persons providing banking services shall disclose information about the services in accordance with the requirements determined by the National Bank.

Article 8. Requirements for Contracts

1. Contracts concluded with customers shall comply with the banking and other legislation of the Kyrgyz Republic. Contracts concluded with customers in accordance with the Principles of Islamic Banking and Finance shall also comply with the Sharia'h standards.

2. The texts of the contracts shall be printed in the same font, written in the clearest possible way and accessible for perception and understanding by customers. As agreed with the customer, the text of the contract shall be drawn up in the state or official language. If necessary, the text of the contract can be translated into another language.

Article 9. Safety and Return of Deposits

1. Persons providing banking services shall be obliged to ensure the safety of funds in bank accounts and return them at the first request of depositors, except for the cases provided for by this Law, codes and laws of the Kyrgyz Republic.

2. Persons providing banking services shall not be entitled to establish any restrictions for depositors other than those provided for by the banking legislation of the Kyrgyz Republic.

3. The procedure for working with bank accounts and deposits shall be established by the National Bank.

Article 10. Responsible Lending

1. Persons providing banking services shall be required to carry out lending activities (placement of funds) in compliance with the principles of responsible lending: integrity, transparency, reliability, partnership towards borrowers, taking into account their economic interests and financial capabilities.

Borrowers shall be required to make informed and responsible decisions when applying for lending services.

2. Persons providing banking services shall be obliged to ensure that the following requirements are met when providing lending services to borrowers:

1) The effective interest rate on the loan should not exceed the value of declared (published) effective interest rate as of the date of extending a loan;

- 2) Prior to the conclusion of a loan contract, customers (potential borrowers) shall be provided with comprehensive information on the conditions for extending loans, including information on the full cost of a loan product. The National Bank shall have the right to establish other requirements for disclosure of information;
 - 3) The borrower, guarantor/surety, mortgagor must be explained under the signature the consequences of non-fulfillment or improper fulfillment of the obligations assumed under the relevant contracts;
 - 4) Before concluding a loan contract, the actual solvency of the borrower should be carefully studied in accordance with the requirements of the National Bank. If the borrower is an individual, his/her personality, employment indicators, family members' income, expenses, number of dependents and other indicators should be carefully studied;
 - 5) It shall be prohibited to include additional fees, commissions and other payments in addition to those established by the legislation of the Kyrgyz Republic, as well as other related services on a paid basis, regardless of the agreement with the borrower;
 - 6) The loan contract shall provide for the customer's right to refuse from a loan on a gratuitous basis in the period after the contract is signed and until the customer receives funds or makes a payment for property under leasing;
 - 7) The loan contract shall provide for the customer's right to early repayment of the loan (leasing) at any time without any commissions, penalties and other payments;
 - 8) When applying, borrowers shall be provided with comprehensive information on the amount of the actual debt on the loan, as well as a modified payment schedule no later than the next business day;
 - 9) Persons providing banking services shall not be entitled to change or supplement the terms of the loan contract on a unilateral basis if this worsens the rights and/or increases the obligations of the borrower;
 - 10) The maximum amount of the accrued forfeit (penalty, fee) for overdue credit debt cannot exceed the value established by the National Bank;
 - 11) Immovable collateral in the form of residential premises shall be sold exclusively through public auctions, unless a different method of sale shall be determined in the process of foreclosure by agreement of the parties;
 - 12) Other requirements stipulated by the legislation of the Kyrgyz Republic.
3. The National Bank shall have the right to set the minimum limit of collateral for loans and other operations, the maximum ratio of the amount of payments on the loan to the borrower's income and other requirements for lending to individuals.

Article 11. Commission Fee, Tariffs and Interest Rates

1. The interest rate, commission fee and tariffs for the provision of banking services shall be set by the persons providing banking services independently in accordance with the requirements of the banking legislation of the Kyrgyz Republic.

A bank that carries out operations and transactions in accordance with the Principles of Islamic Banking and Finance shall have the right to establish the conditions for conducting operations and transactions on its own in accordance with the requirements of the banking legislation of the Kyrgyz Republic.

2. Information on the amount of interest rate, commission fee and tariffs for the provision of banking services shall be open and accessible to customers and cannot be the subject of commercial or banking secrecy.

3. Nominal and effective interest rates on loans and information on commission fees to be indicated when advertising, publishing and disseminating information about the cost of banking services.

4. Nominal and effective interest rates in comparable terms should be specified in the contracts.

5. Along with information on the size of the nominal and effective interest rates, prior to concluding a loan contract, persons providing banking services shall be obliged to provide the customer with information on the total cost of the loan in absolute terms, showing in particular the principal loan amount, interest, commission fees and other payments related to the conclusion and execution of the contract.

Interest payments shall be accrued at a nominal rate on the decreasing balance of the principal loan amount. The definition and methodology for calculating the effective interest rate shall be established by the National Bank.

6. It shall not be allowed to use credit products that distort the cost of the service and provide for indexation of loan payments in relation to a currency that is different from the currency of the loan contract.

7. The value of interest rates on term deposits and loans cannot be changed by the bank on a unilateral basis, if it worsens the rights and/or increases the obligations of the customer.

Article 12. Consideration of Applications. Disputes

1. Persons providing banking services shall have documents regulating the procedure for considering customers' applications in accordance with the requirements of the banking legislation. The customers' applications should be considered within a period not later than thirty calendar days with a response in writing.

2. Documents based on the results of the considered applications of customers must be kept in the prescribed manner for at least three years.

3. If the disputes arising in the process of executing the contract have not been resolved by agreement of the parties, shall be settled in the manner prescribed by the legislation of the Kyrgyz Republic, including within the framework of pre-trial settlement of disputes.

Article 13 Responsibility of Persons Providing Banking Services

The National Bank shall have the right to apply the enforcement measures provided for by this Law and the legislation of the Kyrgyz Republic to persons providing banking services for the violation of the requirements of this chapter.

SECTION II

BANKS

Chapter 3. Legal Status of the Bank. Main Requirements for the Establishment of Banks

Article 14. Bank

1. A bank is a legal entity created in the form of a joint-stock company (closed or open) and authorized to carry out banking activities on the basis of an appropriate license issued by the National Bank in accordance with this Law and regulatory legal acts of the National Bank.

Unless otherwise provided for by this Law, banks shall also mean branches of foreign banks.

The National Bank shall have the right to establish separate standards and requirements for the activities of foreign banks' branches.

2. The bank shall acquire the status of a legal entity from the date of its state registration in accordance with the legislation of the Kyrgyz Republic. The National Bank shall issue a permit to establish a bank for state registration of the bank as a legal entity.

3. The bank shall have its own corporate name, capital and governing bodies in accordance with the requirements of this Law.

4. The bank shall have the right to carry out banking activities on the basis of a license issued by the National Bank.

5. An Islamic bank or a bank that has an "Islamic Window" shall operate in accordance with the Principles of Islamic Banking and Finance on the basis of an appropriate license from the National Bank.

6. State bodies and their officials shall be prohibited from interfering in the legal activities of banks, except on the grounds provided for by this Law and the laws of the Kyrgyz Republic.
7. The bank may not be held liable for the obligations of the state. The state may not be held liable for the obligations of the bank, except in cases where the state itself has assumed such obligations or the legislation of the Kyrgyz Republic provides otherwise.
8. The bank may not be held liable for the obligations of the National Bank. The National Bank may not be held liable for the obligations of the bank.

Article 15. Corporate Name of the Bank

1. The bank shall have its official corporate name - full and (or) abbreviated. The corporate name of the bank shall be indicated in the charter of the bank. The corporate name of the bank shall contain an indication of the form of business entity, type of activity (bank) and common name in accordance with the legislation of the Kyrgyz Republic.
2. The bank shall be prohibited from using in its corporate name or symbols the words "mamlekettik", "state", "Kyrgyzstan", "Kyrgyz", "Uluttuk", "National", "Borborduk", "Central", "Kyrgyz Banky", "Bank of Kyrgyzstan", abbreviations "NBKR", "CBKR", "KRUB", "KRBB", in full or abbreviated form, in any language and in any combination.
3. It shall not be allowed to use designations that are identical or similar to the degree of confusion with the corporate names of banks previously created or being created in the territory of the Kyrgyz Republic as a corporate name.
4. The bank shall be forbidden to use another company name, except for the official one. The changed corporate name of the bank shall be subject to publication by the bank in the media within ten business days from the date of state re-registration.
5. Other legal entities shall be prohibited from using the word "bank" and any other words derived from it in their names.
6. Only those banks that carry out their activities in accordance with the Principles of Islamic Banking and Finance on the basis of an appropriate license shall be allowed to use the word "Islamic" in the corporate name of the bank.
7. The National Bank shall have the right to refuse to approve the corporate name of the bank in case of non-compliance with the requirements established by the National Bank.

Article 16. Founding of a Bank

1. The bank shall be established in accordance with civil legislation of the Kyrgyz Republic, taking into account the specifics provided for by this Law.
2. Individuals and/or legal entities that meet the requirements established by this Law may be the founders of the bank.
3. The founders of the bank cannot be:
 - 1) Individuals and legal entities residing and/or registered in the territory of offshore zones or having affiliates registered in offshore zones, the list of which shall be established by the National Bank.

The affiliates shall be:

- Significant participants of the legal entity;
- Legal entities in which the same legal entity is a significant participant;

2) Individuals and legal entities, slapped with international sanctions adopted by the UN Security Council, as well as individuals and legal entities registered in states, which are slapped with international sanctions adopted by the UN Security Council, prohibiting legal relations with these persons and binding on the Kyrgyz Republic;

3) Individuals and legal entities that did not provide information in the prescribed manner about their activities, financial condition, composition of participants and any other information and documents that allow them to reliably identify and study participants of a legal entity, including beneficial owners, or provided such information, which shall not allow to reliably identify and study the participants of a

legal entity, including beneficiaries owners, as well as if they have not confirmed their impeccable business reputation;

4) Individuals and legal entities that, in accordance with the procedure established by the National Bank, have not confirmed the legality of the source of origin of funds allocated for the acquisition of bank shares;

5) Legal entities financed from the republican or local budgets, with the exception of the Cabinet of Ministers of the Kyrgyz Republic;

6) Individuals and legal entities, which are under prohibitions or restrictions in accordance with the legislation of the Kyrgyz Republic or the legislation of a foreign state.

4. Transactions on the acquisition of bank shares by legal entities or individuals specified in Part 3 of this Article shall be void transactions.

5. Founders - legal entities, who are not engaged in banking and/or financial activities, may not exercise direct or indirect ownership or management of twenty or more percent of voting shares of any type or control over the bank. Types and criteria of financial activities and activities, related to banking and/or financial activities shall be determined by the National bank.

6. The requirements of this Law for the acquisition of threshold participation in the capital of the bank shall apply to the founders of the bank.

7. The restrictions established for the founders of the bank shall apply to the shareholders of the bank, and the persons owning a threshold participation in the capital of the bank.

The restrictions specified in Clauses 3 and 4 of Part 3 of this Article shall not apply to the shareholders of the bank owning bank shares for an amount of less than one thousand of minimum calculation indices.

8. The requirements provided for in Part 3 of this Article shall apply to the founders, shareholders, participants of other persons supervised by the National Bank, unless otherwise provided for by special laws and/or regulatory legal acts of the National Bank regulating their activities.

Article 17. Constituent Documents of the Bank

1. The constituent documents of the bank shall be the Founding Agreement and the Charter, and subsequently - the Charter during the period of establishment and until the founders fulfill their obligations.

2. The Charter of the bank, in addition to the information provided for by the legislation, shall contain the following:

1) Information about the decision of the founding or general meeting on the approval of the Charter;

2) Full and abbreviated corporate name of the bank in the state and official languages;

3) Legal address (location) of the bank;

4) Regulations on the governing bodies of the bank;

5) Decision-making process by the governing bodies of the bank;

6) Provision on compliance with legal requirements of the Kyrgyz Republic if a branch or representative office of a foreign bank is opened.

3. Amendments and additions to the Charter of the bank in connection with the change in the corporate name, governing bodies, authorized capital, as well as other changes affecting the management of the bank, shall be subject to mandatory approval by the National Bank.

4. The written consent of the National Bank to the amendments and additions to the bank's charter, with the exception of amendments regarding the size and structure of the bank's capital, will be issued not later than one month from the date of receipt of the relevant application with the bank's documents and in the absence of grounds for refusal from approval. Approval of amendments in relation to the bank's capital shall be made within 3 months.

5. The procedure for agreeing on amendments and additions to the Charter of the bank shall be established by the National Bank.

6. The approval of amendments and additions to the charter may be declined in the following cases:

- 1) In case of non-compliance of the documents submitted with the requirements or submission of unreliable documents and information;
 - 2) If the decision of the general shareholders' meeting is made in violation of the legislation of the Kyrgyz Republic;
 - 3) If the amount of the authorized capital becomes less than the minimum size;
 - 4) If the subscription for shares on the previous issue was not made, their full cost was not paid within the established time limits, or the shares were issued and paid in violation of the legislation of the Kyrgyz Republic, or the legitimacy of the source of origin of funds allocated for the purchase of shares was not confirmed;
 - 5) In the absence of permission from the National Bank to acquire a threshold participation in the bank's capital in accordance with this Law;
 - 6) If it poses a threat to the stability and safe operation of the bank.
7. Amendments and additions made to the Charter of the bank shall be subject to state registration. The bank shall be obliged to inform the National Bank about the results of the state registration procedure within five business days from the date, on which the certificate of state re-registration was received.
8. In the event of a change in the size of the authorized capital, the bank shall be obliged to notify the National Bank within one month on the results of the final registration of the issue of the bank's securities in accordance with the legislation on securities.

Article 18. Permit to the Foundation of a Bank

1. The founders of the bank shall apply to the National Bank for a permit to found a bank (hereinafter referred to as the permit).
2. To obtain a permit, the National Bank shall be provided with the documents in accordance with the list, requirements and procedure established by the National Bank.
3. The permit shall be given within the period not exceeding six months from the date of receipt of the application and all satisfactory documents.

When considering an application for a permit, the National Bank shall have the right to request information and consult with authorized bodies, including foreign supervisory authorities.

If the documents shall not comply with the requirements of the National Bank, time limit shall be counted from the date of receiving satisfactory documents. The term of issuing a permit may be extended for six months by the decision of the National Bank Board.

4. Based on the results of consideration of the application for a permit, the National Bank shall make a decision to issue a permit or to refuse.

The permit shall be valid for six months. During this period, the founders shall be obliged to carry out state registration of the bank established by them as a legal entity and apply to the National Bank for a license.

5. In the period after a permit is issued and prior to obtaining a license, the bank, its founders shall notify the National Bank of any changes in the information, on the basis of which the permit was obtained, not later than five business days from the date, on which the changes were made.

6. Issuance of a permit may be refused on any of the following grounds:

- 1) Non-compliance of constituent and other documents with the requirements or submission of unreliable documents and information;
- 2) Failure to provide or incomplete provision of information and documents on members of the banking group or the impossibility of carrying out effective banking supervision of the banking group or persons associated with members of the banking group;
- 3) Failure to provide or provision of incomplete information and documents on legitimacy of the sources of origin of funds or the impossibility to determine the legitimacy of the origin of funds;
- 4) The amount of the minimum authorized capital shall not meet the established requirements;
- 5) The founders shall not meet the requirements established by this Law;

6) Persons applying for a position in a bank (officials) shall not meet the requirements established by this Law and the regulatory legal acts of the National Bank;

7) Absence of the official consent of the foreign supervisory body or the confirmation that such consent is not required by the legislation of the country of the founder, when opening a subsidiary bank by a foreign bank or financial and credit institution;

8) Insufficient supervision, including on a consolidated basis, over the foreign founder-bank or financial and credit institution, as well as the member of the banking group at the place of its registration according to the assessment of the National Bank.

7. The National Bank shall have the right to cancel a previously issued permit in the following cases:

1) Upon discovery of false information and documents on the basis of which the permit was issued;

2) If the financial condition of the founders has deteriorated or there have been established the facts on the basis of which the issuance of a permit may be refused;

3) In the event of changes in the composition of the founders, in the constituent and other documents without the consent of the National Bank;

4) If the founders of the bank have refused or do not take further steps to establish the bank.

8. In case of cancellation of the permit, the National Bank shall inform to that extent the authorized body for the state registration of legal entities.

9. In case of withdrawing the application for a permit, as well as refusal from the issuance or cancellation of a permit, the submitted documents shall not be returned.

10. The National Bank shall publish the information on issued permits, refusals to issue permits and cancellation of permits.

Article 19. Issuance of a License for Banking Transactions

1. In order to obtain a license for banking transactions (hereinafter referred to as the license), the founders of the bank shall, during the permit validity period, apply to the National Bank for a license. Documents and information on the fulfillment of the following requirements shall be attached to the application:

1) A certificate of state registration;

2) Confirmation of full payment of the minimum authorized capital;

3) Compliance of the premises and equipment of the bank with the security requirements established by the National Bank;

4) Selection of an independent external auditor for the coming financial year;

5) Availability of the organizational structure, governing bodies and personnel of the bank (officials) in accordance with the requirements of the National Bank;

6) Availability of a business plan, all major policies, regulations and procedures of the bank;

7) Provision of information on compliance with all norms and requirements of the National Bank on capital after the start of its activities;

8) Availability of an internal control system, technical, informational, technological protection measures, property insurance;

9) Successful testing of information and security systems for the implementation of banking activities;

10) Payment of the state fee for a license in accordance with the legislation of the Kyrgyz Republic on non-tax revenues;

11) Payment of the entrance fee to the Deposit Protection Fund.

2. The National Bank shall consider an application for a license within a period not exceeding 6 months. Based on the results of consideration, the National Bank shall make a decision to issue a license or refuse from it.

3. The National Bank shall have the right to refuse from issuing a license indicating the grounds for refusal in the following cases:

- 1) An application for a license shall be filed after the permit expired;
 - 2) The submitted documents and information shall not meet the requirements established by this article;
 - 3) When grounds for cancellation of the permit arose in accordance with this Law.
4. In case of refusal from issuing a license, the submitted documents will not be returned.
5. The license shall be issued by the National Bank in the manner prescribed by this Law. The license shall be accompanied by a list of permitted banking operations, which is its integral part.
6. The procedure of obtaining a license for banking operations and transactions in accordance with the Principles of Islamic Banking and Finance, the status of Islamic banks and banks with an "Islamic Window" shall be established by the National Bank.
7. The license shall be valid throughout the territory of the Kyrgyz Republic, shall have an unlimited validity period, shall be nominal (unalienable) and shall not be transferable to third parties. Banking transactions without a license shall be prohibited.
8. The National Bank shall maintain a register of licensed banks. Information from the register of banks shall be published on the official website of the National bank.

Article 20. License Withdrawal

1. The National Bank shall be obliged to withdraw a license in the following cases:

- 1) If the license was obtained on the basis of knowingly false documents, as well as by fraudulent or other illegal means;
- 2) If the bank is engaged in any activities prohibited by law;
- 3) From a branch of a foreign bank - in case of withdrawing the license from the parent foreign bank;
- 4) The National Bank has established the insolvency of the bank in accordance with this Law.

2. The license may be withdrawn by the National Bank in the following cases, if:

- 1) The bank did not start banking activities within 12 months after obtaining a license or stopped banking activities for more than 6 months;
- 2) The bank does not make mandatory contributions to the Deposit Request Fund;
- 3) The bank has violated the requirements of the banking legislation of the Kyrgyz Republic, affecting its sustainability and stability;
- 4) The bank does not fulfill its obligations to customers without legal grounds;
- 5) The bank does not comply with the instructions and other mandatory requirements of the National Bank, which poses a real threat to the interests of creditors and depositors;
- 6) The bank systematically fails to provide information related to the management, internal control, financial statements of the bank within the established time limits or provides unreliable information;
- 7) The bank carries out unsafe, unreliable and unhealthy banking activities;
- 8) The bank systematically published deliberately false information or otherwise misled customers about its activities;
- 9) The bank, by its actions or inaction, will prevent the inspection, direct banking supervision, activities of the provisional administration;
- 10) The bank has violated the requirements for conducting an external audit in accordance with this Law;
- 11) The bank terminates its activities as a result of the reorganization procedure;

12) Occurrence of obstacles in the implementation of proper consolidated supervision in relation to the bank and participants of the banking group;

13) The bank's application for voluntary liquidation of the bank has been approved;

14) If the bank fails to comply with the requirements of the National Bank on antimonopoly regulation;

15) In other cases established by this Law and the laws of the Kyrgyz Republic.

3. From the moment the license is withdrawn, all banking transactions and other activities of the bank shall be terminated, except for the cases when settlements with creditors shall be terminated by the decision of the National Bank. Withdrawal of a license shall entail the termination of activities and liquidation of the bank in accordance with this Law.

4. The National Bank shall publish information of the withdrawal of a license on the official web-site of the National Bank and in the media.

Article 21. Capital and Shares of the Bank

1. The capital of the bank shall serve as a guarantee for the profitable and sustainable growth of the bank to cover the potential losses inherent in banking, shall be a guarantor of customer confidence in the bank, and shall act as a safeguard against possible risks that may arise in the course of banking activities.

2. For the purposes of supervision, the National Bank shall determine the amount of the bank's capital, its structure, and also establish prudential regulations, requirements and restrictions.

3. The basis of the bank's capital shall be the fully paid-up authorized capital. The capital of the bank shall include only such authorized capital, for which the bank may not be held liable to return funds invested by shareholders, and comply with the requirements of the National Bank.

The formation of authorized capital, the acquisition of bank shares, and the acquisition of threshold participation in the capital of the bank at the expense of borrowed funds shall be prohibited.

4. The authorized capital of the bank shall be formed only in the national currency of the Kyrgyz Republic, in non-cash form exclusively at the expense of shareholders (founders). The change in the size of the authorized capital shall be made with the consent of the National Bank.

5. The minimum authorized capital for banks shall be set by the National Bank.

6. The Bank shall issue shares in accordance with the legislation of the Kyrgyz Republic, taking into account the requirements stipulated by the banking legislation of the Kyrgyz Republic.

7. When forming or increasing the size of the authorized capital of the bank, payment for shares may be made only in cash, except for the case of restructuring or reorganization of the bank provided for by this Law, as well as the direction of retained earnings to replenish the authorized capital of the bank. The formation or increase of the bank's authorized capital with fixed assets, tangible and intangible assets shall be prohibited.

8. The Bank may issue only registered shares. Bank shares can be ordinary and preferred. The volume of preferred shares may not exceed twenty-five percent of the authorized capital of the bank.

9. The bank shall not have the right to accept as collateral and purchase its own shares.

10. Prior to obtaining a license, the bank shall be obliged to deposit funds in the amount of the minimum authorized capital to an account opened with the National Bank.

11. The bank shall be prohibited from guaranteeing the shareholders payment of dividends on ordinary shares.

12. The National Bank shall have the right to prohibit or limit the payment of dividends in the following cases:

1) If it leads to a violation of prudential regulations and indicators by the bank;

2) If the bank's capital adequacy ratio is below the minimum limit established by the National Bank;

- 3) If reserves are not created or insufficiently created to cover potential losses and damages in accordance with the requirements of the National Bank;
- 4) If the bank has uncovered losses for previous years and/or for the reporting year;
- 5) If the financial condition of the bank worsens;
- 6) In other cases provided for by this Law.

Article 22. Threshold Participation in the Bank's Capital

1. Threshold participation in the bank's capital shall be sole or joint, direct or indirect ownership or management of ten or more, twenty or more, thirty-three or more, fifty or more, sixty-seven or more percent of the voting shares of the bank (thresholds).

2. Any individual or legal entity who intends, either alone or jointly with other persons, regardless of the method of acquiring ownership of shares, including inheritance or restoration of ownership, to acquire a threshold participation in the bank's capital, including significant participation and the control, also by additional acquisition of shares, shall be obliged to obtain a written permit from the National Bank.

The National Bank's written permit should be obtained by a person, who as a result of conducting one or more of the most significant transactions becomes a significant participant, will carry out control of the person who previously received the National Bank's permit to acquire a threshold participation in the bank's capital.

Changes in the composition of significant shareholders (participants) of the persons specified in the second paragraph of this part shall not require the permit of the National Bank, provided that these persons do not fall under the restrictions established in Paragraphs 1 and 2 of Part 3 of Article 16 hereof. At the same time, the person who shall own the threshold participation in the bank's capital shall provide the National Bank with documents and information about such persons in accordance with the requirements established by the National Bank.

3. Any individual or a legal entity owning a threshold participation in the bank's capital, intending to alienate shares individually or jointly with other persons, regardless of the method of alienation, in an amount affecting the change in the threshold value, shall be obliged to notify the National Bank to that extent in advance at least one month before the transaction, as well as notify a potential acquirer about the need to obtain a preliminary permit from the National Bank to acquire a threshold participation in the bank's capital in accordance with the requirements of this Law.

4. Significant participation shall be sole or joint, direct or indirect ownership or management of ten or more percent of the voting shares of a joint-stock company, or ten or more percent of the authorized capital of a legal entity that is not a joint-stock company.

5. Control - sole or jointly with other persons:

1) direct or indirect ownership or management of more than fifty percent of the voting shares of a joint-stock company or the authorized capital of a legal entity that is not a joint-stock company; or

2) the ability to elect at least half of the members of the Board of Directors of a legal entity; or

3) regardless of participation in the capital of a legal entity, the ability to directly or indirectly exercise a decisive influence on the management or policy of this legal entity.

6. Indirect ownership - the ability to exert through a third party a significant influence on decision-making by the bank's governing bodies or significant participants of the bank, or persons exercising control over the bank, or members of the banking group.

7. For the purposes of this Law, persons shall be recognized as joint holders of shares in the cases where they:

1) are close relatives (spouse, parents, children, adoptive parents, adopted, full-siblings, grandparents, grandchildren);

2) are officials - shareholders of the bank;

3) are significant participants individually or jointly;

4) jointly hold shares by virtue of an agreement or otherwise:

a) On voting on the management of the bank;

- b) On the provision of shares as security with voting rights;
 - c) On the transfer of voting rights on shares;
 - d) On the transfer of shares in trust management or on depositing in any other way with the right of management;
 - e) When the shares are acquired in their own favor, but on behalf of another person;
 - f) When represented by a power of attorney or other legal representation;
 - g) In the event of common interests.
8. Common interests between two and/or more individuals and legal entities shall be recognized as existing in case of any of the following conditions, if:
- 1) One legal entity or individual shall control another legal entity or individual;
 - 2) These persons are bank-related persons;
 - 3) One of these persons is a dependent company of another person.

**Article 23. Procedure for Obtaining a Permit to the Acquisition of a Threshold Participation
in the Capital of the Operating Bank**

- 1. The procedure for obtaining a permit to acquire a threshold participation in the bank's capital shall be established by the National Bank.
- 2. To obtain a permit, an interested person shall apply to the National Bank and attach the relevant documents and information. Documents that do not meet the requirements of the National Bank shall be returned without consideration.
- 3. The National Bank shall make a decision upon the application it received not later than sixty calendar days from the date of notifying the applicant about the acceptance of the application. The National Bank shall have the right to extend the term for consideration of the application for thirty calendar days. The National Bank shall inform the applicant of its decision - consent or refusal in writing. Refusal should be motivated.
- 4. The National Bank shall have the right to refuse to satisfy the application if:
 - 1) Satisfaction of the application may lead to a monopoly in the banking system of the Kyrgyz Republic;
 - 2) The financial condition of the applicant is unsatisfactory. Criteria for unsatisfactory financial condition shall be established by the National Bank;
 - 3) There are facts testifying to the faulty business reputation of the applicant, its beneficial owners and officials (if the applicant is a legal entity);
 - 4) The applicant provided distorted or inaccurate (false) information;
 - 5) There is reliable information that the applicant has participated or is participating in illegal financial or other activities;
 - 6) The applicant's previous activities ended in bankruptcy or contributed to the bankruptcy or significant financial loss of a legal entity;
 - 7) The officials of the applicant - a legal entity intending to become the bank's controlling persons shall not comply with the requirements of the banking legislation;
 - 8) The interests of the depositors in bank may be damaged or it will be impossible to exercise effective supervision of the bank due to the existing relations between the bank and the applicant, and/or the bank-related persons, and/or companies with which the applicant has common interests;
 - 9) It is impossible to identify the beneficial owners of the applicant or establish the sources of origin of funds and confirm the legality of their origin;

10) The applicant proposes a significant change in the policy of the bank, which shall threaten its financial stability, reliability or the interests of the depositors in the bank;

11) The applicant is a foreign legal entity subject to supervision by the supervisory authority in the country of origin (registration), and if:

a) They have not provided confirmed information to the National Bank that effective supervision is carried out in their country of origin (registration), including on a consolidated basis;

b) According to the National Bank, the applicant is not subject to effective supervision, including on a consolidated basis;

c) It is impossible to cooperate with the supervisory authority of the state of origin (registration) of the applicant.

5. The National Bank shall have the right to require additional information from any legal entities controlled by a person that may become a significant participant or controlling person of the bank or may make investments in the bank, as a result of which the bank may become a dependent company of this person.

6. The National Bank shall verify the authenticity of any information and documents provided by shareholders holding a threshold participation in the capital of the bank, as well as the origin and legitimacy of the origin of funds used to participate in the capital (acquisition of shares) of the bank.

7. If a transaction for the acquisition of a threshold participation in the capital of a bank in the secondary market is subject to Article 22 of this Law, a professional participant in the securities market is obliged to demand, and any individual or legal entity is obliged to provide him/her with a written permit for this transaction from the National Bank.

8. If a person has acquired a threshold participation in the bank's capital based on a permit of the National Bank, which was obtained on the basis of unreliable (false) information or has ceased to meet the requirements set to the founders provided for by this Law, the National Bank shall revoke the permit to purchase shares previously issued to the applicant in accordance with this article, which shall entail the consequences specified in Part 11 of this Article.

9. If the threshold participation in the bank's capital was acquired by an individual or a legal entity without the permit of the National Bank, the National Bank shall, within one month from the date, on which such a violation was revealed, provide this person with a written request for its elimination, bring it to the attention of the bank, in whose capital the threshold participation was acquired, to the legal entity (entities) owning the threshold participation in the bank's capital, and also to the independent registrar of the specified bank and/or the registrar of the legal entity (entities) owning the threshold participation in the bank's capital.

The person who has received the request of the National Bank shall, within thirty calendar days from the date of its receipt, respond in writing to the National Bank about the receipt of the request and the intention to fulfill the request or to refuse.

In the absence of response from the person whom the request was sent to, the National Bank shall post information on the request of the National Bank on its official website within the period specified in the second paragraph of this Part.

The person, who was provided with the request of the National Bank specified in the first paragraph of this Part, shall be obliged to:

- Submit to the National Bank an application for a permit to acquire a threshold participation in the bank's capital in accordance with Part 2 of this Article and regulatory legal acts of the National Bank within one month from the date, on which the request was received or (in the case provided for in the third paragraph of this part) within one month from the date of posting information about the request on the official website of the National Bank. The application of this person shall be considered by the National Bank in accordance with Part 3 of this Article and the regulatory legal acts of the National Bank;

- In case of failure to submit an application for a permit to acquire a threshold participation in the bank's capital, to make transactions aimed at terminating the threshold participation in the bank's capital within three months from the date, on which the specified requirement of the National Bank was published on the official website of the National Bank.

If the National Bank shall refuse to satisfy the application for a permit to acquire a threshold participation in the bank's capital specified in the fifth paragraphs of this part, the said person shall be obliged to make transactions aimed at terminating the threshold participation in the bank's capital within three months from the date of receipt of the notification of the National Bank on the refusal to satisfy the application for a permit to acquire a threshold participation in the bank's capital.

If a person shall not terminate the threshold participation in the bank's capital in the cases provided for in the sixth and seventh paragraphs of this Part, the National Bank shall file a corresponding claim with the court, allowing the compulsory execution of transactions aimed at exceeding the threshold participation in the bank's capital.

10. If a person shall acquire the right of ownership to shares by inheritance or by restoring rights on them in the amount of the threshold participation in the bank's capital before obtaining the permit of the National Bank, it shall entail the consequences specified in the first

paragraph of Part 11 of this Article.

Refusal from issuing a permit of the National Bank to the said persons shall entail the consequences provided for by the second paragraph of Part 11 of this Article.

11. In the cases specified in Parts 8 and 10 of this Article, votes on such shares shall not be taken into account when calculating the quorum and making decisions. All previously adopted decisions shall be considered invalid if the number of votes on such shares affected the decision on the merits.

In the cases specified in Parts 8 and 10 of this Article, the person in violation shall be obliged to sell the relevant block of shares to persons not associated with him/her, within a period of time determined by the National Bank. Otherwise, the National Bank shall apply to the court for the forced alienation of the shares of the said person.

12. From the date of publication of the requirement of the National Bank, specified in the first paragraph of Part 9 of this Article:

- An individual or legal entity that has committed a violation when acquiring a threshold participation in the bank's capital in accordance with Part 9 of this Article, shall have the right to vote only on such number of bank shares, which was separately permitted by the National Bank, if the necessity of such consent shall be provided for by this Law and banking legislation;

- A shareholder (founder) of the bank, who is subject to control by an individual or legal entity, that committed a violation when acquiring a threshold participation in the bank's capital, in accordance with Part 9 of this Article, shall have the right to vote only on the bank's shares, which shall not exceed ten percent of the bank's shares.

The rest of the bank's shares acquired in violation or held by the shareholder (founder) of the bank, who is controlled in violation of this article, shall not be voting shares and shall not be taken into account when determining the quorum of the general shareholders' meeting of the bank. All decisions previously taken in violation of this article shall be considered invalid if the number of votes on such shares affected the decision on the merits.

13. The National Bank shall notify the independent registrar of the bank on the occurrence of the consequences specified in Parts 11 and 12 of this Article.

Article 24. Reserves Created by the Bank

1. For timely coverage of losses associated with banking activities, the bank shall be obliged to create appropriate reserves and indicate the real value of assets and liabilities in the financial statements according to the requirements of the National Bank and international financial reporting standards.

2. Banks shall be required to create appropriate reserves for assets and liabilities bearing credit and other risks, in accordance with the requirements of the National Bank, established for the purposes of regulation and supervision.

3. In order to ensure control and reliability of its activities, depending on the nature and scale of the transactions, the bank shall create capital and other reserves in accordance with the international financial reporting standards and regulatory legal acts of the National Bank.

Article 25. Requirements for Plans and Programs

1. Banks shall be obliged to provide programs and plans, including a business plan, in accordance with the requirements and procedures determined by the National Bank.

2. The bank's business plan should outline the strategy and scope of the bank's activities. The business plan shall be drawn up for the current three years and shall include:

1) Economic justification and financial prospects for the bank's activities (budget, projected balance sheet, calculation of capital adequacy, income and expenses);

2) Structure of the management and internal control system;

- 3) Credit policy (risk assessment mechanism for lending, a mechanism for continuous control of loans extended and other issues related to the bank's credit policy) and credit strategy;
 - 4) A mechanism for protection against operations related to the financing of terrorist activities and the legalization (laundering) of criminal proceeds;
 - 5) A plan on the attraction of customers and creation of a bank's customer base;
 - 6) A plan for the bank's staff policy;
 - 7) Asset and Liability Management Plan;
 - 8) Other aspects of the activities determined by the National Bank.
3. The business plan should allow to evaluate:
- 1) The ability of the bank to ensure financial stability, compliance with prudential regulations and indicators, mandatory reserve requirements, compliance with the requirements of the legislation of the Kyrgyz Republic;
 - 2) The ability of the bank to long-term existence as a profitable financial institution;
 - 3) The adequacy of the risk management system.
4. The business plan should be drawn up taking into account the following requirements:
- 1) Calculations and forecasts should be made taking into account the real economic conditions of the market segment in which the bank will operate;
 - 2) A description of the impact of the bank's operations on improving the country's economy should be given, indicating the amount of investment in the economy, including loans;
 - 3) Achievement of profitability of the bank within a reasonable time;
 - 4) The adequacy of the bank's capital should meet the requirements established by the National Bank and be sufficient to support the projected growth of assets, cover risks and support initial expenses associated with the organization of the bank's activities;
 - 5) Assumptions and forecasts should be made on the basis of high-quality and verified information.
5. The business plan of the bank shall be subject to annual updating and submission to the National Bank within the time limits established by the National Bank.
6. The National Bank shall have the right to establish other additional requirements to the business plan of the banks, as well as to submit recommendations for adjusting the plan taking into account the strategy and risk profile of the bank.

Article 26. Requirements for Subsidiaries and Associates of the Bank

I. A subsidiary of the bank shall be a legal entity controlled by the bank (parent company). A subsidiary of a subsidiary bank shall also be considered a subsidiary bank of the parent company.

An associate of the bank shall be a legal entity in which the bank, solely or jointly with another person, shall directly or indirectly own or manage twenty percent or more of the voting shares or equity interests of the legal entity.

These definitions shall apply to other legal entities.

2. The creation or acquisition of a subsidiary by the bank shall be carried out on the basis of a written permit from the National Bank, subject to the following conditions, if:

- 1) Ownership and management structure, financial capabilities of the bank and the subsidiary will meet the criteria established by the National Bank;
- 2) Procedures have been developed to control the risk in the bank arising in the activities of the subsidiary, and the procedures aimed at

maintaining the corporate identity of the bank and a subsidiary;

3) The creation or acquisition of a subsidiary will not pose significant risks to the financial stability and sustainability of the bank;

4) Fulfillment of other requirements established by the National Bank.

3. Subsidiaries of the bank may only carry out banking and/or financial activities, as well as activities related to the implementation of banking and/or financial activities.

Subsidiaries of the bank operating in accordance with the Principles of Islamic Banking and Finance may engage in investment activities. The procedure and rules for conducting investment activities by a subsidiary of the bank, carrying out its activities in accordance with the Principles of Islamic Banking and Finance shall be established by the regulatory legal acts of the National Bank.

4. The Bank may acquire or create an associate with the written permit of the National Bank. The associates of banks may only carry out banking and/or financial activities, including activities related to banking and/or financial activities.

5. The Bank shall not be entitled to acquire a subsidiary or associate if:

1) The company is registered and/or operates in offshore zones, the list of which shall be determined by the National bank, as well as in states and territories, which fall under the international sanctions adopted by the UN Security Council, binding on the Kyrgyz Republic;

2) The participants of the company shall be the persons, which fall under the restrictions established by this Law.

6. The Bank shall not be entitled to create a subsidiary or associate if:

1) Registration and/or implementation of the activities of such company shall be expected in offshore zones, the list of which shall be determined by the National Bank, as well as in the states and territories, which fall under the international sanctions adopted by the UN Security Council, binding on the Kyrgyz Republic;

2) The co-founders of such company shall be the persons falling under the restrictions established by this Law.

7. The procedure for issuing a permit for the creation and/or acquisition of a subsidiary and/or associate of the bank shall be determined by the National Bank.

8. The requirements of Parts 5 and 6 of this article shall apply to other persons supervised by the National Bank.

Article 27. Branch of the Bank and Other Separate Divisions

1. The Bank may establish its own branch in the territory of the Kyrgyz Republic. A branch of the bank shall be its separate division, located outside the seat of the bank, not being a legal entity, carrying out banking transactions in whole or in part on behalf of the bank and operating within the limits of the powers granted. Information about the branch of the bank shall be contained in the charter of the bank.

2. The branch shall be endowed with the property of the bank, shall have a single balance sheet with the bank, as well as a corporate name that completely shall coincide with the corporate name of the bank, with the addition of the word "branch". Heads of branches shall be appointed by the bank and act on the basis of a power of attorney issued to them. The power of attorney shall specify the list of transactions and other powers of the head of the branch.

3. The actions of the branch and other separate divisions of the bank shall be considered as the actions of the bank - a legal entity. The bank shall bear full responsibility for the actions of its branch and other separate divisions.

4. Procedure and conditions for establishing a branch of the bank shall be established by the National Bank.

5. The bank shall be obliged to notify the National Bank on the registration of the branch within five business days. The National Bank shall maintain a register of branches of the bank.

6. The bank may open its branch abroad with the permit of the National Bank. The procedure for issuing a permit to open a branch abroad shall be established by the National Bank.

7. The opening of a branch abroad may be refused on the grounds provided for in the procedure for issuing a permit from the National Bank, as well as if:

- 1) The host country shall not have sufficient and effective banking supervision, including on a consolidated basis;
- 2) Absence of possibility of effective cooperation with the supervisory authorities of the host country, including the possibility of exchanging information.
8. The bank may open separate divisions in the territory of the Kyrgyz Republic in the form of savings banks and other separate divisions for the purpose of providing banking services.
9. The procedure for opening and specific activities of savings banks and other separate divisions shall be determined by the National Bank.

Article 28. Branch of a Foreign Bank

1. Branches of foreign banks with a sound financial position and impeccable business reputation may be opened in the territory of the Kyrgyz Republic, provided that the supervisory authority of the country where a foreign bank is registered, and the National Bank have entered into a cooperation agreement.
2. A branch of a foreign bank shall have a corporate name that fully matches the corporate name of the bank, with the addition of the word "branch".
3. Branches of foreign banks shall operate on the basis of a license from the National Bank. Peculiarities of licensing and activities of branches of foreign banks shall be established by the National Bank.
4. The application of a foreign bank to open a branch in the territory of the Kyrgyz Republic shall be considered within six months. The management of the National Bank may extend the term for consideration of the application for six months.
5. The opening of a branch of a foreign bank shall require the official consent of the banking supervisory authority of the country where the foreign bank is registered. Foreign banks shall endow their branches with irrevocable and perpetual funds in the amount corresponding to the requirements of the National Bank for the bank's capital.
6. The issuance of a license to a branch of a foreign bank may be refused in the following cases:
 - 1) In case of non-compliance of the constituent and other documents with the requirements of the banking legislation of the Kyrgyz Republic, as well as the provision of incomplete information or inaccurate documents;
 - 2) If the head foreign bank shall not meet the criteria of impeccable business reputation and financial stability established by the National Bank;
 - 3) In case of non-compliance of the head foreign bank with the requirements of this Law, set to the founders of the bank;
 - 4) If the funds allocated by the head bank shall not meet the established requirements;
 - 5) If the persons applying for positions in the branch (officials) shall not meet the requirements established by the banking legislation;
 - 6) If the premises and equipment of the branch, the internal control system, technical, information systems and security system shall not meet the established requirements;
 - 7) If the supervisory regime in the country, where a foreign bank is registered, shall not ensure effective banking supervision, including on a consolidated basis, and there is no proper cooperation with it, including the exchange of information.
7. A branch of a foreign bank shall be obliged to immediately notify the National Bank of all changes related to the conditions for issuing licenses.
8. Withdrawal of a license from a branch of a foreign bank shall be carried out on the grounds and in accordance with the procedure provided for by this Law for the banks of the Kyrgyz Republic.
9. The National Bank shall publish information on the issuance of a license, the grounds for refusal and withdrawal of a license from a branch of a foreign bank in the mass media and on the official website of the National Bank.

Article 29. Representative Office of the Bank

1. A representative office of the bank shall be a separate division of the bank, which is not a legal entity, and which represents the interests of the bank, as well as conducts transactions or other permitted actions on its behalf, except for banking transactions according to this Law.
2. The representative office of the bank shall be endowed with the property of the bank, shall have a single balance sheet with the bank, as well as a corporate name that shall completely coincide with the corporate name of the bank, with the addition of the word "representative office". The bank shall be fully responsible for the actions of its representative office.
3. The bank shall be obliged to notify the National Bank of the registration of its representative office within five business days. The National Bank shall maintain a register of representative offices of banks.
4. The change of the location and the list of activities of the bank's representative office shall be carried out with the consent of the National Bank.
5. The bank's representative office abroad shall be opened with the permit of the National Bank. The requirements for opening a representative office of the bank shall be established by the National Bank.
6. The National Bank shall have the right to revoke the permit for opening a representative office of the bank if the activities of the representative office shall contradict the banking legislation of the Kyrgyz Republic.

Article 30. Representative Office of a Foreign Bank

1. A representative office of a foreign bank shall be opened in the territory of the Kyrgyz Republic with the permit of the National Bank. A representative office of a foreign bank shall have a corporate name that fully matches the corporate name of a foreign bank, with the addition of the word "representative office".
2. A representative office of a foreign bank shall be prohibited from conducting banking transactions. The procedure for opening and requirements for the activities of representative offices of foreign banks shall be established by the National Bank.
3. The National Bank shall maintain a register of representative offices of foreign banks. The National Bank shall publish the information about the opening of a representative office of a foreign bank in the territory of the Kyrgyz Republic in the mass media and on the official website of the National Bank.
4. Changing of the corporate name, location and list of activities of a representative office of a foreign bank shall be carried out with the consent of the National Bank.
5. The National Bank shall have the right to revoke a permit to open a representative office of a foreign bank if the activity of the representative office shall contradict the banking legislation of the Kyrgyz Republic.

Article 31. Unions, Associations and Corporations of Banks

1. Banks may unite and create unions, associations and other corporations to coordinate their activities, represent common interests, implement joint projects and solve other common tasks. The activity of such organizations shall be carried out in accordance with their constituent documents and shall not contradict the banking legislation of the Kyrgyz Republic.
2. Creation and state registration of unions, associations and other corporations of banks shall be carried out in the manner prescribed by the legislation of the Kyrgyz Republic,
3. Unions, associations and other corporations of banks shall notify the National Bank of their creation within five business days from the date of state registration.

4. Banks shall be prohibited from using their unions, associations and other corporations to reach agreements aimed at limiting competition in banking and monopolizing the banking services market in matters of setting interest rates, tariffs and commissions, as well as any other conditions that damage or may damage the rights and legitimate interests of customers.

5. Banks should not enter into transactions or carry out activities that provide them, alone or together with other persons, with a dominant position in the capital market, money and currency markets, determined in accordance with the requirements of the National Bank for antimonopoly regulation, and should not participate in activities or various kind of transactions that could provide them with an advantage for themselves or third parties due to unfair competition.

Article 32. Bank Reorganization

1. Bank reorganization may be carried out in accordance with the legislation of the Kyrgyz Republic.
2. Bank reorganization shall be carried out exclusively with the consent of the National Bank.
3. Procedure for bank reorganization shall be determined by the National Bank.

Chapter 4. Organization of Bank Governance

Article 33. Governing Bodies of the Bank

1. The governing bodies of the bank shall be:
 - 1) The general shareholders' meeting of the bank;
 - 2) Board of Directors of the bank;
 - 3) Bank Management.
2. The legal status and competence of the governing bodies of the bank shall be regulated by the civil legislation of the Kyrgyz Republic, unless otherwise established by this Law.
3. The bank operating in accordance with the Principles of Islamic Banking and Finance shall have the Sharia'h Board.

The Sharia'h Board shall be a body of the bank responsible for the compliance of the bank's policies and standard agreements with the Sharia'h standards, consideration of issues and preparation of recommendations regarding transactions under the Principles of Islamic Banking and Finance. The Sharia'h Board may include members that meet the requirements established by the National Bank. Labour contracts or other similar agreements and contracts shall not be concluded with members of the Sharia'h Board of the bank, and the labor legislation of the Kyrgyz Republic shall not apply to them. Members of the Sharia'h Board of the bank shall be subject to the restrictions established by this Law for members of the Board of Directors, with the exception of the restrictions established by Paragraph 2 of Part 3 of Article 37 of this Law. Members of the Sharia'h Board cannot hold the positions of a member of the Sharia'h Board in more than one bank and two non-banking financial and credit institutions.

Article 34. General Shareholders' Meeting of the Bank

1. The supreme governing body of the bank shall be the general shareholders' meeting of the bank.
2. Shareholders of the bank shall be obliged to exercise their rights and obligations for the safe, healthy and reliable operation of the bank conscientiously and reasonably.
3. The general shareholders' meeting of the bank shall be convened and held in the manner prescribed by the legislation of the Kyrgyz Republic.

Republic, taking into account the specifics established by this Law.

4. The general shareholders' meeting of the bank shall be recognized as competent if it is attended by shareholders or their legal representatives who shall have more than sixty percent of the votes of the bank's outstanding voting shares in accordance with the charter.

In the absence of a quorum, the Bank Management shall be obliged to convene a repeated general shareholders' meeting of the bank within one month, which shall be considered competent if it is attended by the shareholders or their legal representatives who have more than forty percent of the votes of the outstanding voting shares of the bank.

5. When calculating the quorum and voting, the provisions of Articles 23 and 83 of this Law shall apply.

6. An extraordinary general shareholders' meeting shall be subject to mandatory convocation if:

1) The capital of the bank shall not meet the requirements of the National Bank;

2) There are vacancies in the composition of the Board of Directors, in which there shall be no quorum or the number of independent members of the Board of Directors shall be less than the number established by this Law;

3) The external auditor terminated the contract or shall not be able to continue audit for other reasons.

7. The National Bank shall have the right to demand the convening of an extraordinary general shareholders' meeting with an agenda determined by it and within the time limits specified by it, but not earlier than the expiration of a ten-day period from the date, on which such a request was submitted by the National Bank.

8. The National Bank shall have the right to request any information on the forthcoming shareholders' meeting.

9. The powers of the general shareholders' meeting of the bank may be limited in connection with the introduction of a special regime of provisional administration in the bank and on the grounds provided for by this Law.

Article 35. Register of Shareholders of the Bank

1. The register of shareholders of the bank shall be maintained by a professional participant in the securities market - an independent registrar in accordance with the legislation of the Kyrgyz Republic.

2. A bank's shareholder shall be obliged to inform the independent registrar of all changes related to the registration of the transfer of ownership rights to shares.

3. An independent registrar shall be obliged to notify the bank of all changes in the register of shareholders in the manner and terms established by the agreement between them.

4. At the request of the National Bank and the bank, an independent registrar shall be obliged to provide them with any information from the register of shareholders of the bank.

5. The bank shall be obliged to form the legal affairs of shareholders in accordance with the procedure established by the National Bank.

6. Shareholders of the bank shall be obliged to provide the bank with information for inclusion in the legal case according to the list and to the extent established by the National Bank.

In case of refusal to provide the information requested by the bank, the National Bank shall have the right to demand from the shareholder to sell the shares he holds to the persons not related to him, within a period of time determined by the National Bank. Otherwise, the National Bank shall apply to the court with a petition for the forced alienation of the shares of the specified person.

7. The bank shall be obliged immediately, not later than one business day, to notify the National Bank in case it became aware of the fact of purchase, change or alienation of the threshold participation in the bank's capital.

Article 36. Board of Directors of the Bank

1. The Board of Directors of the bank shall be the governing body of the bank, which shall carry out the general governance of the bank in the period between the general shareholders' meetings.

The Board of Directors shall act in the best interests of the bank, observe the principle of equal treatment of all shareholders and shall be obliged to provide the shareholders with a report on its activities at each annual general shareholders' meeting of the bank.

2. The exclusive powers of the Board of Directors of the bank, in addition to the powers provided for by the legislation of the Kyrgyz Republic, shall include the following issues:

- 1) Approval of the organizational structure of the bank;
- 2) Organization of an adequate internal control system of the bank;
- 3) Conducting inspections of the activities of the executive bodies and officials of the bank, taking measures based on the results of these inspections;
- 4) Consideration of the results and taking measures based on the results of inspections of the National bank, as well as inspections of internal and external audits;
- 5) Approval of the heads of internal audit, risk management and compliance control services, determination of the terms of remuneration for their work;
- 6) Other powers provided for by the charter of the bank, not contradicting the banking legislation of the Kyrgyz Republic.

3. The Board of Directors of the bank shall be responsible for establishing effective systems of assessment, monitoring and control in the bank in order to maintain an adequate level of capital in accordance with the risks in the bank's activities.

4. The Board of Directors of the bank shall consist of at least five members, in an odd number.

At least one member of the Board of Directors of the bank must be a citizen of the Kyrgyz Republic who speaks the state and/or official language.

At least one third of the Board of Directors of the bank must be independent members of the Board of Directors.

5. Meetings of the Board of Directors of the bank shall be held at least once a quarter. Meetings of the Board of Directors shall be considered competent (quorum) if they are attended by at least two thirds of its members, unless the charter of the bank provides for a higher quorum. Decisions of the Board of Directors shall be taken by a simple majority of votes. When voting, each member of the Board of Directors shall have one vote. If a member of the Board of Directors shall have a conflict of interests, he/she shall not be entitled to participate in the discussion and voting.

6. The procedure and terms for notifying members of the Board of Directors of meetings, the procedure for holding meetings and making decisions by the Board of Directors of the bank shall be determined by the regulations of the Board of Directors. The charter of the bank may provide for the possibility of making a decision by the Board of Directors by a written survey, holding meetings of the Board of Directors and using means of communication. At each meeting of the Board of Directors, the corporate secretary of the bank shall keep the minutes. The minutes of the meeting of the Board of Directors shall be signed by the chairman and corporate secretary of the bank.

7. Members of the Board of Directors cannot independently make decisions binding on the bank that create the bank's obligations to third parties outside the meetings of the Board of Directors. Members of the Board of Directors of the bank may not be limited in their ability to familiarize themselves with any documents of the bank and receive from the bank officials any information they need about the activities of the bank.

8. If a member of the Board of Directors of the bank was absent from the meeting of the Board of Directors, he/she shall be obliged to familiarize himself/herself with the minutes and decisions of the Board of Directors against his/her signature. Each member of the Board of Directors of the bank shall be personally responsible for the decisions made at the meetings of the Board of Directors of the bank. If, in the opinion of a member of the Board of Directors of the bank, the decisions taken by the Board of Directors shall pose a threat to the financial stability of the bank, the rights and legitimate interests of depositors and other creditors, he/she shall be obliged to inform the National Bank to that extent.

9. In the event that the bank shall have signs of threat of a bankruptcy, the Board of Directors of the bank shall be obliged:

- 1) To take urgent necessary measures to prevent bankruptcy of the bank;
- 2) Immediately convene an extraordinary general shareholders' meeting;

3) Immediately notify the National Bank of signs of threat of bankruptcy and of the results of the consideration by the Board of Directors of the issue of convening an extraordinary general shareholders' meeting of the bank, as well as on urgent necessary measures taken and planned to prevent the bankruptcy of the bank.

Article 37. Election and Dismissal of the Members of the Board of Directors

1. Members of the Board of Directors of the bank shall be elected at the general shareholders' meeting of the bank for a period of four years. The charter of the bank may limit the number of terms for which the same person shall be elected.

2. Members of the Board of Directors of the bank may be only the individuals who have full legal capacity and meet the requirements established by the National Bank for impeccable business reputation, professional suitability and work experience. Labour contracts or other similar agreements and contracts with members of the Board of Directors of the bank shall not be concluded, and the labor legislation of the Kyrgyz Republic shall not apply to them.

3. Members of the Board of Directors of the bank may not be the persons:

- 1) Who are members of the Bank Management or holding other positions in the bank;
 - 2) Who are an official or a significant shareholder (participant) of another bank or other person supervised by the National Bank, or hold positions in other competing financial institutions;
 - 3) Who do not meet the requirements established by the National Bank, as well as the persons who shall be prohibited from holding such positions by law or by a court decision.
4. If, as a result of the early termination of the powers of the members of the Board of Directors, its composition shall decrease to less than the established quorum, the Bank Management shall decide to convene an extraordinary general shareholders' meeting of the bank to elect a new composition of the Board of directors within five days from the date of termination of the powers of the members of the Board of Directors.

In the event of a vacancy (vacancies) of independent members of the Board of Directors that does not (do not) affect the quorum, as a result of which the bank violates the requirement on the presence of one third of the independent members of the Board of Directors in the composition, the Board of Directors of the bank shall, within ten business days from the date, on which the vacancy (vacancies) was appeared, decide to convene an extraordinary general shareholders' meeting, at which independent members of the Board of Directors shall be elected to the corresponding vacancies.

5. If a member of the Board of Directors of the bank shall violate the norms of this Law, a member of the Board of Directors of the bank may be relieved from his/her duties without payment of remuneration for the period of relieve by the decision of the National Bank.

6. A member of the Board of Directors of the bank shall be subject to dismissal from his/her position by decision of the National Bank in the event of:

- 1) Losing impeccable business reputation;
 - 2) Revealing the fact of concealing a conflict of interest when concluding bank transactions;
 - 3) If a person concealed the information that shall indicate his/her non-compliance with qualification requirements, requirements for independence and impeccable business reputation;
 - 4) When, according to the National Bank, the actions or inaction of a member of the Board of Directors shall pose a threat to the financial stability of the bank.
7. The decision of the National Bank to remove or dismiss a member of the Board of Directors of the bank shall enter into force immediately from the date of the decision.

Article 38. Independent Members of the Board of Directors

An independent member of the Board of Directors shall be a person who, at the time of election:

- 1) Is not and has not been an official of this bank or an official of any of the bank-related legal entities during the past five years;
- 2) Is not and has not been a member of the Management of this bank or a member of the Board of any of any of the bank-related legal entities during the past five years;
- 3) Did not receive directly or indirectly any significant additional remuneration, compensation, allowances or donations, with the exception of reimbursement of expenses associated with participation in meetings of the Board of Directors, from this bank or bank-related persons or on their behalf during the past five years;
- 4) Does not have significant business ties (including the provision and receipt of credits, loans) with this bank legally and any of the bank-related persons either directly or as a partner during the past five years;
- 5) Has not been a partner or official of the current or former external auditor of this bank or any of the bank-related persons during the past five years;
- 6) Does not exercise significant participation or control over this bank and does not represent a shareholder with significant participation in any way or control over the bank;
- 7) Has not been a member of the Board of Directors, the Sharia'h Board of this bank or any of the bank-related legal entities over the past four years;
- 8) Is not in close family relations with the persons mentioned in Paragraphs 1-7 of this Part.

If the bank-related legal entities are legal entities (except for banks and non-banking financial and credit institutions) with a 100% participation of the state represented by an authorized state body representing the interests of the state as the owner of state property, and the relation to the bank shall be determined only on the basis of participation of the state represented by an authorized state body representing the interests of the state as the owner of state property in the capital of the bank and legal entities, this requirement shall not apply as a basis for non-compliance with the independence criteria for the members of the Board of Directors.

Article 39. Committees of the Board of Directors

1. The Board of Directors of the bank may create committees and other auxiliary expert and advisory bodies to perform its functions. Committees of the Board of Directors shall be created for preliminary consideration of issues falling within the competence of the Board of Directors and development of the relevant recommendations. The committees shall not be the governing bodies of the bank, they cannot replace the Board of Directors and perform their functions.

2. The Board of Directors must create the following committees:

- 1) Risk Management Committee;
- 2) Audit Committee;
- 3) Appointment and Remuneration Committee.

Other committees may also be created in the bank.

3. Requirements for the procedure of creating committees, their competence and responsibility shall be established by the National Bank.

Article 40. Corporate Secretary of the Bank

1. The position of the corporate secretary of the bank shall be established in the bank. The corporate secretary shall be an official of the bank, elected by the Board of Directors of the bank. The combination of an independent position of a corporate secretary of the bank with the performance of other duties in the bank shall be allowed only with the consent of the Board of Directors of the bank.

2. The corporate secretary shall keep minutes of the general shareholders' meeting and the Board of Directors, monitor the execution of their decisions, help to ensure proper corporate interaction between the governing bodies of the bank and exercise other powers determined by the National Bank.

Article 41. Management of the Bank

1. The Bank Management shall be the executive body of the bank. The competence of the Bank Management shall include all issues related to the management of the current activities of the bank, except for the issues relating to the exclusive competence of the general shareholders' meeting and the Board of Directors of the bank. The Bank Management shall be obliged to ensure the execution of legal decisions taken by the general shareholders' meeting and the Board of Directors of the bank.
2. The competence, procedure for activities and responsibility of the Bank Management shall be established by the banking legislation of the Kyrgyz Republic and the charter of the bank.
3. The Bank Management shall consist of at least 5 persons. Members of the Management shall be appointed for a term provided for by the charter of the bank, but this period shall not exceed 5 years. The members of the Management may be re-appointed.
4. When a bank shall be established, members of the Management shall be initially appointed by the founder of the bank, and subsequently they shall be appointed to the position by the Board of Directors of the bank.
5. Only an individual who shall have full legal capacity and meet the requirements established by the National Bank for impeccable business reputation, professional suitability and work experience can be a member of the Bank Management.
6. The Bank Management shall be headed by the Chairman, appointed by the Board of Directors of the bank. Deputy chairmen of the Management shall be the members of the Management ex officio. Members of the Bank Management shall be appointed by the Board of Directors of the bank on the proposal of the Chairman of the Bank Management.
7. A member of the Bank Management cannot be:
 - 1) A person who is a member of the Board of Directors of a bank, or a person who is an official of another bank or other legal entity supervised by the National Bank, or holds positions in other competing financial institutions;
 - 2) A shareholder with a significant participation in the bank's capital, or a person who is a significant shareholder (participant) of another bank or other legal entity supervised by the National Bank;
 - 3) Any other person who does not meet the requirements established by the National Bank, as well as a person who is prohibited from holding such positions by the legislation or a court decision.
8. If a member of the Management violates the norms of this Law and in other cases provided for by the banking legislation of the Kyrgyz Republic, a member of the Bank Management may be relieved from his/her duties without payment for the period of relieve by decision of the National Bank.
9. A member of the Bank Management shall be subject to dismissal from his/her position by decision of the National Bank in the event of:
 - 1) Losing impeccable business reputation;
 - 2) Revealing the fact of concealing a conflict of interest when concluding bank transactions;
 - 3) If a person concealed the information that shall indicate his/her non-compliance with qualification requirements, requirements for independence and impeccable business reputation;
 - 4) When, according to the National Bank, the actions or inaction of a member of the Management shall pose a threat to the financial stability of the bank.
10. The decision of the National Bank on the removal or dismissal of a member of the Management from his/her position shall come into effect from the date of such a decision.
11. Meetings of the Bank Management shall be held as necessary, but at least once a month. Meetings of the Bank Management shall be considered competent (quorum) if they are attended by less than two-thirds of its members, unless the charter of the bank provides for a higher quorum. Decisions of the Bank Management shall be taken by a simple majority of votes. When voting, each member of the Management shall have one vote. In the event that a member of the Bank Management shall have a conflict of interest, he/she shall not be entitled to participate in the discussion and voting.

12. The minutes of the meeting of the Management shall be kept by the secretary of the Management. The minutes of the meeting of the Management shall be signed by the chairman, the members of the Management who were present at the meeting, and the secretary of the Bank Management. If a member of the Management was absent from the meeting of the Management, then he/she shall be obliged to familiarize himself/herself with the minutes of the meeting of the Management against signature.

13. The Chairman and members of the Management shall be personally liable for the decisions made at the meetings of the Bank Management. If, in the opinion of a member of the Management, the decisions taken in the bank shall pose a threat to its financial stability, the rights and legitimate interests of creditors, the Management shall be obliged to inform the Board of Directors of the bank to that extent. If the Board of Directors shall not respond to information from a member of the Management, a member of the Management shall have the right to notify the National Bank to that extent.

Article 42. Internal Control System

1. Internal control shall be a continuous process aimed at achieving the following goals by the bank:

- 1) Efficiency and effectiveness of activities, effective management of assets and liabilities, ensuring the safety of assets, effective risk management;
- 2) Ensuring the reliability, completeness, objectivity and timeliness of the preparation and presentation of financial, regulatory and other reporting for internal and external users;
- 3) Compliance with the legislation and internal regulatory documents of the bank.

2. The bank's internal control system shall include the following components:

- 1) The relevant organizational structure of the bank, providing for the competence, separation of powers and responsibilities of the governing bodies, structural divisions and officials of the bank, the system of remuneration in the bank;
- 2) An appropriate internal information system and a system for informing the governing bodies, allowing timely decision-making, ensuring information security;
- 3) Continuous monitoring of risks, risk management and risk assessment systems;
- 4) Relevant internal control procedures;
- 5) Periodic self-assessment of the internal control system in order to eliminate its shortcomings and improve it.

3. The Board of Directors of the bank shall be obliged to ensure the proper organization and functioning of the bank's internal control system.

4. Requirements for banks on the organization and functioning of the internal control system shall be established by the National Bank.

Article 43. Internal Audit, Risk Management and Compliance Control

1. The bank shall have the operating services of internal audit, risk management and compliance control accountable to the Board of Directors on a mandatory and ongoing basis.

2. Requirements for the activities of the services of internal audit, risk management and compliance control and their competence shall be established by the National Bank.

Article 44. Bank Officials

1. The list of bank officials subject to mandatory approval shall be determined by the National Bank.

2. Candidates for bank officials shall meet the established qualification requirements and have sufficient work experience and an impeccable business reputation. The requirements for candidates of officials, the procedure for their approval, and the grounds for refusing to approve them shall be established by the National Bank.

Article 45. Impeccable Business Reputation

1. Significant participants of the bank and their affiliates, bank officials, as well as bank-related persons shall have an impeccable business reputation in accordance with this Law.

2. A person (individual or legal entity) shall be considered as not having or having lost an impeccable business reputation in the following cases:

- 1) If a person has an unexpunged and outstanding conviction for committing an economic crime;
- 2) If a person is subject to forced liquidation, bankruptcy or, if it is recognized by the court that the actions or inaction of the person as a significant participant or member of the governing body of the legal entity led to forced liquidation, including bankruptcy;
- 3) If a person is not entitled to carry out activities in the banking, financial, auditing, insurance and investment fields by a court decision or is not entitled to carry out activities in the banking sector by a decision of the National Bank;
- 4) If a person has lost an impeccable business reputation in other areas of activities by a court decision;
- 5) If a bank official has been dismissed from his/her position by decision of the Management or the Supervisory Committee of the National Bank or a foreign competent banking supervision authority in the order of applying enforcement measures to the bank;
- 6) If a person has an unfulfilled court decision on the payment of his/her financial obligations;
- 7) If a person intentionally provided false information and documents to the National Bank.

3. Bank officials who have lost their impeccable business reputation due to dismissal from office in accordance with the procedure for applying enforcement measures, cannot re-apply for positions that shall be subject to mutual agreement with the National Bank during the limitation period: five or more years from the date of entry into force of the decision of the National Bank. Specific terms of limitation, depending on the grounds for the loss of an impeccable reputation, shall be established by the regulatory legal acts of the National Bank.

4. The persons referred to in this Article shall be understood as individuals and legal entities of the Kyrgyz Republic and foreign states. The legislation, courts and the authorized bodies of the Kyrgyz Republic shall be understood the legislation, courts and authorized bodies of the Kyrgyz Republic and foreign states.

Article 46. Fiduciary Duties of the Bank Officials

1. The bank officials shall be obliged to act in good faith and reasonably in the best interests of the bank, which shall imply compliance with the following requirements:

- 1) Acting within the limits of their powers in compliance with the requirements of the banking legislation of the Kyrgyz Republic and the charter of the bank;
- 2) Use of the powers granted for the purposes they are provided for;
- 3) Making weighed decisions based on their own qualifications and experience after making every effort to obtain available information in a reasonable time;
- 4) Compliance with the requirements to prevent a conflict of interest, timely notification of the bank's governing bodies about the emergence of a conflict of interest;
- 5) Observance of the principle of equality in relation to shareholders, without giving preference to the interests of some shareholders over the interests of others;

- 6) Notifying the bank's governing bodies of all known incidents that threaten the financial stability of the bank.
2. The National Bank shall have the right to establish other requirements for the fiduciary duties of the bank officials.
3. The norms of this article shall apply to other persons supervised by the National Bank.

Article 47. Prevention of the Conflict of Interests

1. The Board of Directors of the bank shall take the necessary measures to identify and prevent conflicts of interest at all levels of the bank's activities.
2. The bank shall have procedures for informing the bank's management about potential threats to the bank's activities related to a conflict of interest.
3. Before being appointed (elected) to a position, a bank official shall provide the bank with a list of close relatives. An official or an employee of the bank, who has learned about the occurrence of a conflict of interest between him/her and the bank, shall be obliged to immediately notify the Management and/or the Board of Directors of the bank to that extent.
4. The bank shall maintain a database of the conflict of interests.
5. Untimely disclosure of a conflict of interest shall entail liability in accordance with the banking legislation of the Kyrgyz Republic.

Chapter 5. Banking Activities

Article 48. Banking Activities and Transactions

1. The Bank shall carry out the following banking transactions in national and/or foreign currency, which shall be directly reflected in the license:
 - 1) Attraction of deposits on its own behalf on contractual terms;
 - 2) Placement of own and/or borrowed funds on its own behalf on contractual terms;
 - 3) Opening and maintenance of accounts;
 - 4) Making settlements and payments on behalf of the customers and correspondent banks, and their cash services;
 - 5) Issuance, purchase, payment, acceptance, storage and confirmation of payment documents (checks, letters of credit, bills of exchange and other documents), including credit and payment cards;
 - 6) Acquisition of the right to demand from third parties the fulfillment of obligations in cash (factoring);
 - 7) Payment of a debt obligation by purchasing promissory notes and bills of exchange (forfeiting);
 - 8) Issue and placement of debt securities;
 - 9) Issuance of bank guarantees;
 - 10) Money transfers of customers, including transfers without opening accounts;
 - 11) Opening and maintenance of correspondent accounts for non-resident banks of the Kyrgyz Republic;
 - 12) Conducting transactions on accounts in foreign currency for customers and on the acquisition (exchange) of foreign currency on behalf of the customer;
 - 13) Purchase and sale (exchange) of foreign currency on its own behalf;

- 14) Conducting transactions with precious metals (only bank silver, gold, platinum and coins from the said high grade metals);
- 15) Conducting transactions with derivative financial instruments (derivatives);
- 16) Issue of electronic money;
- 17) Accepting and making payments and settlements for goods and services that shall not be the result of its activities in favor of third parties through payment systems based on information technologies, electronic means and payment methods;
- 18) Acceptance, processing and issuance of financial information (processing, clearing) on payments and settlements of third parties to participants in the payment system of this processing, clearing centre.

2. Banks shall be entitled to carry out the following activities and transactions:

- 1) Provision of warranty and other obligations for third parties;
- 2) Issuance, purchase, sale, servicing of securities, as well as services of a depository;
- 3) Trust management of property (with the exception of funds) under an agreement with an individual or a legal entity;
- 4) Leasing of safes for storing valuables to individuals and legal entities;
- 5) Sale of collateral to pay off obligations to the bank;
- 6) Investment services;
- 7) Consulting services related to banking activities;
- 8) Financial leasing transactions;
- 9) Services as a financial agent.
- 10) Performing the functions of an operator providing services of online platforms and other trading/service platforms in accordance with the regulatory legal acts of the National Bank.

3. Banks shall carry out other activities in accordance with the legislation of the Kyrgyz Republic, if this shall not contradict the banking legislation of the Kyrgyz Republic. The bank may carry out only such activities that are necessary to ensure its core business or are related to banking activities.

4. The bank shall have the right to engage in other types of licensed activities with the consent of the National Bank.

5. The bank shall be entitled to involve any other person to render the services required by the bank (outsourcing) on the basis of an agreement. The requirements for outsourcing shall be determined by the National Bank.

6. The National Bank shall have the right to establish the types, list and procedure for conducting operations, transactions and standard contracts, as well as to develop new products in accordance with the Principles of Islamic Banking and Finance.

7. Certain banking operations, including those based on the Principles of Islamic Banking and Finance, may be carried out by non-banking financial and credit institutions and other legal entities supervised by the National Bank, subject to the availability of an appropriate license/certificate issued by the National Bank in accordance with the regulatory legal acts of the National Bank.

8. Requirements, conditions and peculiarities of banking operations, other activities and transactions shall be established by the National Bank.

Article 49. Lending

1. The bank shall carry out lending in compliance with the principles of responsible lending and the requirements of the banking legislation of the Kyrgyz Republic.

2. The bank shall have a credit policy approved by the Board of Directors of the bank.

3. The bank shall have effective system for managing credit risks.
4. The Board of Directors shall be obliged periodically, not less than once a year, to review the adequacy of the bank's credit policy, the system of limits, tools and procedures for managing credit risks, the system of internal control and internal audit for managing credit risks.
5. The bank shall manage credit risk in all of its aspects in all banking products, operations and activities of the bank.
6. The bank shall establish the procedure for extending loans, taking into account the requirements of the National Bank for lending and credit risk management.
7. The placement of funds in accordance with the Principles of Islamic Banking and Finance shall be carried out taking into account the specifics and peculiarities of the Principles of Islamic Banking and Finance in accordance with the banking legislation of the Kyrgyz Republic.

Article 50. Investments of the Bank

1. The bank may make investments subject to the following requirements and restrictions:
 - 1) Participation of the bank in a non-banking organization should be carried out as a long-term investment;
 - 2) The amount of any investments in each non-banking organization, including any financial investments and loans, shall be less than fifteen percent of the bank's own (regulatory) capital for the banks operating in accordance with the Principles of Islamic Banking and Finance - less than thirty percent of the bank's own (regulatory) capital. The total amount of such investments cannot exceed sixty percent of the bank's own (regulatory) capital;
 - 3) The amount of investment in real estate should not exceed the established limits;
 - 4) Related persons shall be treated as one person.
2. Requirements for the investment policy of the bank carrying out operations and transactions in accordance with the Principles of Islamic Banking and Finance shall be established by the National Bank.
3. Other requirements and restrictions to the banks on the investments and their impact on the bank capital of shall be determined by the National Bank.

Article 51. Immovable Property of the Bank

1. The bank shall have the right to acquire, lease, rent and alienate the immovable property, including land, in accordance with the requirements established by the National Bank.
2. The National Bank shall establish requirements on the issues of accounting, fixing a retention period, requirements for valuation and other issues related to the immovable property.

Article 52. Bank-Related Parties and Related-Party Transactions

1. The bank-related parties shall be:
 - 1) Bank officials and their close relatives;
 - 2) Persons who directly or indirectly shall have a significant participation in the bank capital and/or exercise control;
 - 3) Legal entities in which the bank and its officials shall have a significant participation and/or exercise control;

- 4) Members of the supervisory and executive body of the legal entities specified in Paragraphs 2 and 3 of this part, and their close relatives;
 - 5) Individuals - close relatives of the persons referred to in Paragraph 2 of this part;
 - 6) Legal entities in which the persons referred to in Paragraph 2 of this part shall have a significant participation and/or exercise control.
2. Transactions of the bank with bank-related parties in the amount exceeding the value established by the National Bank shall be related-party transactions.
3. The decision to conduct a related-party transaction, the value of which shall not exceed the one established by the National Bank, shall be taken only by the independent members of the Board of Directors of the bank. If the Board of Directors shall be unable to make such a decision due to the lack of a quorum, the issue of conducting such a transaction shall be submitted for consideration by the general shareholders' meeting of the bank.
4. If the decision to conclude a related-party transaction, the value of which shall exceed the one established by the National Bank, then such a decision can only be taken by the general shareholders' meeting of the bank.
5. A person of the bank, who shall be a person interested in the transaction, may not take part in the discussion and voting on this issue, as well as influence on the decision in any other way.
6. A person who has become aware that he/she is a person interested in the transaction shall be obliged to disclose to the bank in writing the information about the degree of his/her interest in the transaction and/or the degree of mutual agreement with the other party to the transaction.
7. The bank shall maintain a register of bank-related entities in accordance with the requirements and peculiarities determined by the National Bank.
8. The requirements provided for by Parts 1 and 7 of this Article shall apply to other persons supervised by the National Bank, unless otherwise provided for by special laws and/or regulatory legal acts of the National Bank governing their activities.

Article 53. Requirements and Restrictions to Operations and Transactions Conducted

Between the Bank and Bank-Related Parties

1. The bank shall not be entitled to extend credits to bank-related parties:
 - 1) If there are current losses as of the last reporting date;
 - 2) If the amount of all credits and their substitutes extended by the bank to one bank-related party shall exceed the value established by the National Bank;
 - 3) If the total amount of all credits and their substitutes extended to all bank-related parties shall exceed the value established by the National Bank.
2. The Bank shall not be entitled to conduct any operations and transactions with the bank-related parties, if the conditions for such operations and transactions shall be more favorable compared to similar operations and transactions concluded on public market conditions, unless otherwise provided by the National Bank.
3. Transactions and operations of the bank with the bank-related parties in the amount exceeding the value established by the National Bank, except for the concluded public agreements, shall be approved by the Board of Directors of the bank.
4. Subsidiaries of the bank may participate in operations and transactions with the bank-related parties, if such operations and transactions comply with the requirements of the National Bank.
5. The Bank shall not be entitled to enter into a transaction with any person in order to provide him/her with the opportunity:
 - 1) To pay or otherwise fulfill an obligation to the bank-related party;
 - 2) To acquire any property from the bank-related party;

3) To purchase securities issued by the bank-related party.

6. The bank shall be prohibited from carrying out any operations and transactions with the bank-related parties, if such operations and transactions will result in the worsening of the financial condition and cause financial difficulties, as well as threaten the interests of depositors and other creditors. Signs of financial difficulties of the bank shall be determined by the National Bank.

7. If shareholders and officials of the bank shall make a decision or vote for a decision that shall be contrary to this Law and incur losses for the bank, then they shall be liable for such losses in accordance with the legislation of the Kyrgyz Republic.

8. Any transactions between the bank and the bank-related parties, concluded in violation of the requirements of this Law, shall be null and void.

9. The bank shall be obliged to provide the National Bank with information on all transactions of the bank concluded with the bank-related parties, in the manner established by the National Bank.

10. Peculiarities of operations and transactions of the bank with the bank-related parties shall be determined by the National Bank.

Peculiarities of operations and transactions of other persons supervised by the National Bank with the related parties shall be determined by special laws and/or regulatory legal acts of the National Bank regulating their activities.

Article 54. Prevention of Threats in the Banking Activities and Its Involvement in Unhealthy and Unsafe Banking Practice

1. Banks, their shareholders and officials shall be obliged to prevent threats to the interests of depositors and creditors of the bank, the stability, security and integrity of the financial and banking system of the Kyrgyz Republic, as well as the involvement of the bank in unhealthy and unsafe banking practice in carrying out their activities. The National Bank shall establish the recognition of the unhealthy and unsafe banking practice.

2. Banks, their shareholders and officials involved in unhealthy and unsafe banking practices, as well as creating a threat to the interests of depositors and creditors of the bank, stability, security and integrity of the financial and banking system of the Kyrgyz Republic, may be subject to enforcement measures provided for by this Law.

3. Recognition of the bank, its shareholder and/or an official involved in unhealthy and unsafe banking practices shall entail the legal consequences provided for by this Law and the regulatory legal acts of the National Bank.

4. The procedure for recognizing other persons supervised by the National Bank, their officials, shareholders/participants, involved in unhealthy and unsafe banking practices, and the legal consequences shall be determined by special laws and/or regulatory legal acts of the National Bank governing their activities.

Article 55. Prohibition of Advertisement Contradicting the Reality

1. Banks and other persons supervised by the National Bank shall be prohibited from advertising that shall not correspond to the actual state of affairs. At the request of the National Bank, the bank and other person supervised by the National Bank shall be obliged to change, adjust or withdraw advertising and other similar information within the established time limits.

2. In case of non-compliance with the requirements of the National Bank in accordance with this article, the National Bank shall have the right to publish information about the inconsistency of the bank's advertising with reality at the expense of the bank and apply the enforcement measures provided for by this Law.

3. Banks shall be prohibited from financing, including on a gratuitous basis, political activities, including political parties and candidates for elective office, to give political advertisements, and otherwise participate in political activities.

4. Banks shall be prohibited from organizing or participating in various lotteries and other similar "gaming" events, as well as their advertising or other publications.

5. Banks shall carry out marketing events in accordance with the requirements of the National Bank.

Article 56. Responsibilities of Banks and Other Persons Supervised by the National Bank on the Implementation of the Legislation of the Kyrgyz Republic in the Field of Combating the Financing of Terrorist Activities and the Legalization (Laundering) of Criminal Proceeds

Banks and other persons supervised by the National Bank shall be obliged to implement the legislation of the Kyrgyz Republic in the field of combating the financing of terrorist activities and the legalization (laundering) of criminal proceeds.

Article 57. Deposit Mandatory Protection System

1. Banks and other persons supervised by the National Bank shall participate in the deposit mandatory protection system in accordance with the law on the protection of bank deposits.
2. The procedure for the functioning of the deposit mandatory protection system, the formation and use of the Deposit Protection Fund, the payment of compensation on deposits in the event of warranty cases, as well as relations between the authorized body for deposit protection, banks, the National Bank, state bodies and other relations arising in this area, shall be regulated by the law on the protection of bank deposits.
3. The Bank may choose additional forms of deposit protection used in the international banking practice.

Article 58. Arrest, Seizure and Forfeiture

1. Cash and other valuables of legal entities and individuals that are in bank accounts or put into storage may be seized on the basis of a judicial act.

When seizing a bank account or valuables stored in a bank, any debit transactions on the account or moving valuables shall be immediately terminated. In the event of seizure of a certain amount of funds in the bank account, any debit transactions shall be terminated within the minimum balance of this amount.

2. The recovery of funds and other valuables of individuals and legal entities held in bank accounts or stored in a bank may be carried out by the court on the basis of executive documents, as well as by tax authorities by issuing a tax payment claim in accordance with the tax legislation.
3. In case of seizure of property that was already pledged at the time of seizure, the decision to remove the seizure from such property shall be made by the court/investigating authorities at the request of the secured creditor.
4. Search, examination, seizure and implementation of other procedural actions in respect of funds, valuables and documents stored in the bank, and persons supervised by the National Bank, may be carried out solely on the basis of a judicial act. At the same time, information and documents containing banking secrecy may be seized only in the form of certified copies, except in cases where the seizure of original documents is necessary for the examination, requiring the samples contained in the original documents, which shall be directly indicated in the resolution on conducting a search and seizure. The original documents must be returned after the examination and/or the entry into force of the court decision within five business days.

Materials and other documents received by the National Bank within the framework of the supervision, including materials of inspections of the persons supervised by the National Bank, shall be subject to recovery and seizure only in the part that relates to a certain inspection period and certain issues.

5. Forfeiture of funds and other valuables may be carried out only on the basis of a judicial act that has entered into legal force.
6. The court or other authorized state bodies, officials, before making a decision on banks to restrict their activities, including on the disposal of their funds or property, shall be obliged to request the National Bank about the consequences of such a decision for creditors and bank customers, as well as the financial system of the Kyrgyz Republic.

Chapter 6. Accounting, Reporting and Audit**Article 59. General Provisions**

1. The bank shall be obliged to keep accounting and reporting in accordance with the legislation of the Kyrgyz Republic, International Financial Reporting Standards and the bank's accounting policy.

A bank operating in accordance with the Principles of Islamic Banking and Finance shall maintain accounting records and draw up a financial statement in accordance with the accounting standards for Islamic financial institutions adopted in accordance with the legislation of the Kyrgyz Republic.

2. The accounting policy of the bank should include general principles of accounting, methods and rules for organizing accounting. In case of conducting supervision over the banking group, the bank (bank's holding company) shall form a general (consolidated) accounting policy for the group, taking into account the requirements of the National Bank.

3. Accounting in the bank should be organized in such a way that:

1) The following could be reliably formed on its basis:

a) Financial statements in accordance with the international standards, reflecting the real financial condition of the bank and the results of its activity;

b) Regulatory reporting in accordance with the requirements of the National Bank;

c) Other types of reporting in accordance with the legislation of the Kyrgyz Republic;

2) Manage the bank's assets and liabilities and emerging risks in a safe and reliable way;

3) Shareholders and the Board of Directors would have the opportunity to control the financial condition of the bank and the work of officials.

4. The provisions of this article shall apply to other persons supervised by the National Bank.

Article 60. Banking Accounting and Reporting

1. The financial year of the bank shall be established from January 1 to December 31, inclusive. If the registration of the bank took place after January 1, then the first financial year shall begin from the day of the state registration of the bank and shall end on December 31 of the same year.

2. Banks shall keep accounting records and prepare financial statements in accordance with the legislation of the Kyrgyz Republic on accounting, taking into account the specifics of this Law, as well as the requirements of the National Bank.

3. The list, forms and deadlines for the provision of banking, accounting and other reporting, including reporting on a consolidated basis, as well as responsibility for their violation, shall be established by the legislation of the Kyrgyz Republic.

4. Banks shall be obliged to provide the National Bank, at its request, any information on the movement of funds, including those located outside the Kyrgyz Republic (correspondent accounts).

5. The Chairman of the Bank Management shall be responsible for the accuracy, completeness and storage of financial statements, accounting documents and other information in accordance with the banking legislation of the Kyrgyz Republic. The chief accountant of the bank shall be responsible for the correct reflection of accounting transactions and events in the financial statements, proper storage of accounting registers and financial reporting.

Article 61. Accounting and Storage of Documents

1. The bank shall be obliged to ensure strict accounting and storage of documents used in accounting and reporting.
2. The list of documents subject to strict accounting and storage, as well as the procedure and terms for their storage, shall be established by the National Bank.

Article 62. Audit of Banks

1. The bank's activity shall be subject to an annual external audit in accordance with the international auditing standards.
2. The Board of Directors of the bank shall select audit organizations and candidates for auditors for consideration to the general shareholders' meeting. Not later than ninety business days before the general shareholders' meeting, the bank shall notify the National Bank of the audit organization and the candidates for auditors. The National Bank shall have the right to reject the audit organization and candidates for auditors as not meeting the established requirements for the audit of banks, and notify the bank to that extent not later than ten business days from the date of notification.
3. An external auditor of the bank can only be an audit organization included in the Unified State Register of Auditors, Audit Organizations and Professional Audit Associations in the territory of the Kyrgyz Republic and meeting the requirements for auditing banks established by the National Bank.
4. The external auditor shall be independent of the bank, which means the ability to act independently, regardless of anyone else's influence on the results of the audit report, conclusions, and in conditions that exclude any outside influence on the expression of opinion of the external auditor. The external audit agreement shall reflect the statement of the audit organization that the audit organization itself or any of its auditors or other official shall not have any interest in the bank, shall be independent and shall not be connected in any way with the bank and its officials.
5. The audit organization and the auditor shall not be considered independent of the bank, if they are or have been during the past two years:
 - 1) Persons, who directly or indirectly shall have a significant participation in the capital of the bank or its affiliates;
 - 2) Affiliates of the bank or its affiliates;
 - 3) In relation to the audited bank, if this audit organization or an organization located in the same international network, provided services for the restoration and maintenance of accounting, services related to the development of accounting methods, as well as the preparation of financial statements, internal audit services;
 - 4) The bank official or his/her affiliates;
 - 5) In other cases provided for by the legislation of the Kyrgyz Republic.
6. An external audit of the bank cannot be carried out by the same audit organization for more than five years in a row. At the request of a bank that shall be part of the banking group, the rotation period may be extended.
7. The external auditor shall be obliged, within one business day from the moment of discovery, to inform the Management, the Board of Directors of the bank and the National Bank:
 - 1) About the revealed facts that pose a threat to stability of the bank;
 - 2) About the facts that are grounds for the introduction of provisional administration and the withdrawal of a license;
 - 3) On the decision to refuse from an external audit of the bank in the course of auditing the bank;
 - 4) On the disclosure of fraud or the fraudulent scheme or revealing the transactions that fall under the signs of an operation on financing terrorist activities and/or legalization (laundering) of criminal proceeds;
 - 5) About the refusal of the bank to report any information to the National Bank at the request of the external auditor;
 - 6) On the identification of violations or deficiencies that may lead to significant losses in the bank or affiliated legal entity in accordance with the international auditing standards;

7) In other cases provided for by the legislation of the Kyrgyz Republic.

8. At the request of the National Bank, the external auditor shall be obliged to provide any information related to the audit. The provision of such information shall not be considered as the disclosure of confidential information in conducting an external audit.

9. In the event that the National Bank shall recognize an audit report as inconsistent with the requirements of the legislation of the Kyrgyz Republic and/or international auditing standards, the bank shall be obliged to repeat an audit with the involvement of another audit organization at its own expense.

The bank shall not be entitled to engage an audit organization or auditors to conduct an audit of the next financial year if the previous audit report of this audit organization or auditor was not accepted or was recognized by the National Bank as inconsistent with the requirements of the legislation of the Kyrgyz Republic and/or the international auditing standards.

10. The auditors' report shall contain information in accordance with the international auditing standards and the requirements of the National Bank, including recommendations to be included in the audit program.

11. Requirements for an external audit of banks and other persons supervised by the National Bank, including requirements for an audit organization and auditors, shall be determined by the National Bank.

Article 63. Audit of Banking Groups

1. If a bank is included in a banking group, the entire banking group shall be subject to audit. Based on the audit results of the banking group, reports for each member of the group and a consolidated report should be prepared.

2. The audit of the banking group shall be carried out by one audit organization.

3. The requirements for an audit of a banking group, including exceptions to the requirement provided for in Part 2 of this article, shall be established by the National Bank.

4. The external auditor, at the request of the National Bank, shall be obliged to provide any information related to the audit of the banking group. The provision of such information shall not be considered the disclosure of confidential information in the process of an external audit.

Article 64. Terms of an Audit, Approval, Submission and Publication of the Bank's Annual

Financial Reporting

1. At the end of the financial year, the bank shall:

1) Ensure an external audit of the bank not later than ninety days from the beginning of a new financial year;

2) Submit to the National Bank a certified copy of the audit report together with the financial statements and the auditor's letter to the bank's management five business days before the annual shareholders' meeting;

3) Ensure the approval of the annual financial statements of the bank by the general shareholders' meeting not later than ninety days from the beginning of a new financial year;

4) Submit to the National Bank a certified copy of an audit report together with the financial statements approved by the general shareholders' meeting and the auditor's letter to the bank's management not later than one hundred and five days from the beginning of a new financial year;

5) Publish the annual financial statements of the bank (including consolidated statements) together with the auditor's report in the mass media, no later than one hundred and twenty days from the beginning of a new financial year, according to the form and in the manner established by the National Bank.

In exceptional cases related to the introduction of an emergency situation and/or circumstances of insuperable force, the deadlines set in Paragraphs 1, 3, 4 and 5 of this part may be extended by the decision of the Management of the National Bank.

2. The general shareholders' meeting of the bank shall not be entitled to consider and approve the annual financial statements of the bank in the absence of an auditor's report.

Article 65. Publication of Financial Statements and Disclosure of the Main Indicators of the

Bank's Activities

The bank shall be obliged to publish financial statements with the disclosure of the main indicators of its activities in accordance with the legislation on accounting of the Kyrgyz Republic and banking legislation of the Kyrgyz Republic.

SECTION III

BANKING SECRECY

Chapter 7. Banking Secrecy

Article 66. Banking Secrecy

1. Banking secrecy shall be any information that was provided by a customer to the bank or created by the bank, or otherwise arose in connection with the relationship between the bank and the customer, including their pre-contractual relationship, in the course of banking activities.

2. Banking secrecy shall not include:

- 1) Legitimate public information (information that is freely available in accordance with the legislation);
 - 2) Consolidated information that shall not allow to identify the bank's customer;
 - 3) Information on the bank-related parties within the limits determined by the National Bank.
3. The requirements of this chapter shall also apply to other legal entities supervised by the National Bank.

Article 67. Provision of Information Constituting Banking Secrecy

1. The bank shall have the right to provide information constituting banking secrecy to any persons upon a separate written consent of the customer, unless otherwise provided for by this article.

2. The bank shall be obliged to provide the National Bank with any information constituting banking secrecy. The National Bank shall have the right to provide information constituting banking secrecy to the Cabinet of Ministers of the Kyrgyz Republic for the purposes of protecting state interests, as well as for the purposes of supervision to central banks/supervisory authorities of other states and other persons in the manner prescribed by this Law.

3. Information constituting banking secrecy shall be provided by the bank:

- 1) To the court of the Kyrgyz Republic on the basis of a judicial act;
- 2) To the financial intelligence agency in accordance with the legislation of the Kyrgyz Republic in the field of combating the financing of terrorist activities and the legalization (laundering) of criminal proceeds;

- 3) To the authorized state tax body - for the purposes of taxation in accordance with the tax legislation of the Kyrgyz Republic;
 - 4) To credit bureaus - in accordance with the law in the field of exchanging credit information;
 - 5) To the heirs (successors) of a customer or their legal representatives - when submitting documents confirming the rights of inheritance (succession) provided for by the legislation of the Kyrgyz Republic, as well as to state notary offices on inheritance cases concerning the contributions of deceased depositors kept in their proceedings - on the basis of an official request from a notary office for the provision of information.
4. Information constituting banking secrecy shall be provided to any other persons, not specified in Parts 2 and 3 of this article, except on the basis of a judicial act.
5. When providing information constituting banking secrecy, the consent of the bank's customers shall not be required in accordance with Parts 2-4 of this article.

Article 68. Requirements for the Request of Information Constituting Banking Secrecy

1. A request on the provision of information constituting banking secrecy shall contain:
 - 1) Full corporate name and details of the person making the request, as well as the address, communication channels or other contact details indicating the method of transmission and the person authorized to receive information;
 - 2) The name of the person the request shall be addressed to;
 - 3) The name of a customer (including TIN/PIN) of the bank, indicating the limits and scope of the requested information constituting banking secrecy;
 - 4) The purpose of using information constituting banking secrecy and the legal grounds for the request;
 - 5) Signature, seal and information about the powers of the person, having signed the request.
2. If the request on the provision of information constituting banking secrecy shall not meet the requirements of this article, the bank shall be obliged to refuse from providing the information constituting banking secrecy.
3. Requirements for the request of the financial intelligence agency of the Kyrgyz Republic, sent in accordance with the legislation in the field of combating the financing of terrorist activities and the laundering (laundering) of criminal proceeds of the Kyrgyz Republic, shall be determined by the Cabinet of Ministers of the Kyrgyz Republic in agreement with the National Bank.

Article 69. Use of Information Constituting Banking Secrecy

1. The information constituting banking secrecy may be transferred by the bank for use by:
 - 1) Bank officials in order to perform official duties related to the main activity of the bank;
 - 2) Persons providing services to the bank in connection with banking activities, if such information is necessary for the provision of these services;
 - 3) A person exercising control over the bank in order to prepare a consolidated report;
 - 4) In a court, in disputes between the bank and the customer in the case and to the extent necessary to protect their rights and legitimate interests. At the request of the bank or its customer, the court session may be closed.

Such transfer shall not be considered as the provision and disclosure of banking secrecy.

2. At the same time, the bank shall be obliged to ensure the protection and confidentiality of information constituting banking secrecy, transferred to the persons specified in Part 1 of this Article.

Article 70. Protection of Information Constituting Banking Secrecy

1. The Bank, as well as any other persons whom the information constituting banking secrecy has been provided and/or disclosed to, shall be obliged to ensure proper protection and confidentiality.
2. Protection and confidentiality shall be ensured through the adoption of adequate organizational, legal and technical measures for the proper storage, use, transfer, disclosure and protection against unauthorized access of information constituting banking secrecy.

Article 71. Responsibility for Illegal Disclosure or Use of the Information Constituting**Banking Secrecy**

1. The bank, authorized state bodies and any other persons shall be liable for illegal disclosure or use of information constituting banking secrecy in accordance with the legislation of the Kyrgyz Republic.
2. In case of illegal disclosure or use of information constituting banking secrecy, the customer or other persons whose rights have been violated, shall have the right to demand compensation for the damage caused.

Article 72. Exchange of the Information Constituting Banking Secrecy

1. For the purpose of minimizing credit risks and exchanging information, legal entities may be created to form credit histories and provide users with the information constituting banking secrecy.
2. Banks shall have the right to exchange the information constituting banking secrecy on a mutual contractual basis.
3. For the purposes of this article, the information constituting banking secrecy may be provided by the bank only with the consent of customers, except for the cases provided for by the Law of the Kyrgyz Republic "On the Exchange of Credit Information", and in compliance with the requirements of this chapter.
4. The provision and handling of the information constituting banking secrecy for the purposes of the legislation on exchanging credit information shall not be considered the disclosure of banking secrecy in accordance with this Law. The information constituting banking secrecy provided and handled for the purposes of the legislation on exchanging credit information shall mean credit information determined in accordance with the legislation on exchanging credit information.

At the same time, the information about customer accounts the funds on which is the subject of collateral, shall be limited to the provision and handling of information about that part of the funds acting as the subject of collateral for the purposes of the legislation on exchanging credit information, and the information about transactions performed on behalf of the customer shall be limited to the provision and handling of information on the fulfillment of obligations under the collateral provided in the form of a guarantee or surety.

5. The banks shall provide credit bureaus with the information constituting banking secrecy, with the consent of their customers - subjects of credit information.

The credit bureaus shall provide the information constituting banking secrecy to users of credit information with the consent of the subjects of credit information.

Obtaining the consent of the subject of credit information for the transfer of credit information about him/her shall not be required in cases provided for by the legislation on exchanging credit information.

6. The provision and handling of the information constituting banking secrecy between banks, credit bureaus and users of credit information shall be carried out in accordance with the procedure and with the legislation on exchanging credit information.

SECTION IV

BANKING SUPERVISION AND ENFORCEMENT MEASURES**Chapter 8. Banking Supervision and Prudential Regulations****Article 73. Banking Supervision**

1. The National Bank shall conduct supervision and regulation of the activities of banks, non-banking financial and credit institutions and other legal entities supervised by the National Bank in accordance with the Constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic", this Law and the banking legislation of the Kyrgyz Republic, and the legislation of the Kyrgyz Republic in the field of combating the financing of terrorist activities and the legalization (laundering) of criminal proceeds.

2. Banking supervision shall be carried out through external supervision and inspection, as well as through the issuance of regulatory norms. The National Bank shall determine the supervision strategy for each bank, taking into account its specifics, combining methods of complex and targeted inspections on site with external supervision.

3. The requirements of this section shall also apply to other legal entities supervised by the National Bank, taking into account their specifics and the requirements of special laws and/or regulatory legal acts of the National Bank.

Article 74. Information and Documents for the Purposes of Banking Supervision

1. The bank, its officials and other employees, shareholders of the bank and the bank-related parties shall be obliged to submit reports, documents and any information at the request of the National Bank in a timely manner.

2. Information and documents received by the National Bank and not related to banking secrecy shall be confidential information and shall not be subject to publication or transfer, except when it is necessary for the purposes of banking supervision in accordance with this Law.

3. The National Bank shall have the right to establish the procedure for providing information on their activities for the banking group, which shall be necessary for supervision on a consolidated basis.

Article 75. Prudential Regulations, Requirements and Restrictions for the Bank

1. The following types of prudential regulation shall be established for banks:

- 1) The minimum amount of the authorized capital;
- 2) The minimum amount of equity (regulatory) capital;
- 3) Capital adequacy standards;
- 4) The maximum amount of risk per borrower or group of related borrowers;
- 5) Ratios (indicators) of liquidity;
- 6) Requirements for the limitation of currency, credit, operational and other risks and their management;
- 7) Requirements for the procedure of reserve formation;
- 8) Other types of standards and indicators, requirements and restrictions established by the National Bank.

2. The size of prudential regulations, indicators, requirements, restrictions and methods of their calculation shall be determined by the National Bank.

3. The National Bank shall establish criteria for the systemic importance of banks and non-banking financial and credit institutions, and shall have the right to establish other sizes and types of prudential regulations, indicators, requirements and restrictions for them. The systemic importance of banks and non-banking financial and credit institutions shall be determined by the National Bank.

4. The National Bank shall establish prudential regulations, indicators and other mandatory requirements, norms and limits for banks carrying out operations and transactions in accordance with the Principles of Islamic Banking and Finance.

5. Banks, their officials and shareholders shall be liable for violation of prudential regulations, requirements and restrictions established by the banking legislation of the Kyrgyz Republic.

Article 76. External Supervision over the Bank's Activities

1. External supervision over the banks shall be carried out on a remote and ongoing basis, by analyzing the activities of banks according to the submitted reports and other information, as well as interacting with the bank on its activities.

2. Authorized employees of the National Bank shall have the right to request documents and information from the bank, visit the supervised bank, hold meetings with the management, other officials and employees of the bank, as well as with external auditors.

3. The organization, powers and procedure for exercising external supervision over the banks' activities shall be determined by the National Bank.

Article 77. Inspection of the Bank's Activities

1. The National Bank shall periodically conduct an inspection of the bank's activities by sending authorized employees to the bank.

2. The assessment of the following shall be carried out as part of the inspection:

- 1) The financial condition of the bank, the quality and efficiency of governance;
- 2) Risks inherent in the activities of the bank that affect the stability and safe operation of the bank;
- 3) Reliability of financial and regulatory reporting of the bank;
- 4) Fulfillment by the bank of instructions, requirements and directives of the National Bank;
- 5) Compliance by the bank with the provisions of the banking legislation of the Kyrgyz Republic and the legislation of the Kyrgyz Republic in the field of combating the financing of terrorist activities and the legalization (laundering) of criminal proceeds;
- 6) Fulfillment by the bank of other obligations and requirements established by the legislation of the Kyrgyz Republic.

3. Authorized employees of the National Bank in the course of the inspection shall be entitled to:

- 1) Enter any premises of the bank, demand the provision of any documents and information, including obtaining their copies;
- 2) Meet with the external auditor, officials and other employees of the bank, other persons providing services to the bank, bank's customers, and also receive oral and written information from them;
- 3) Carry out other necessary events in connection with the inspection of the bank.

4. The inspected bank shall:

- 1) Provide all the documents and information required by the National Bank, with the exception of information on access codes (passwords, PIN codes) of users and customers to automated systems;
- 2) Ensure access to information systems and databases of the bank in accordance with the requirements of the National Bank in the presence of an authorized employee of the inspected bank;

- 3) Provide separate premises, office appliances and means of communication;
- 4) Carry out other cooperation.
5. The requirements of this article shall also apply to the banking group and its participants, to any other company that shall have common interests with the bank, and any other bank-related parties.
6. The procedure for inspections shall be determined by the National Bank.
7. The report on the bank's inspection results shall be a confidential document of the National Bank and shall not be subject to transfer to third parties without the consent of the National Bank. The Board of Directors and the Management of the bank shall be obliged to familiarize themselves with the report on the bank's inspection results against signature within the time limits established by the National Bank.

Chapter 9. Banking Group. Consolidated Supervision

Article 78. Object of Consolidated Supervision

1. The National Bank shall exercise consolidated supervision in relation to the banking group:
 - 1) Headed by the bank and its subsidiaries and/or associates;
 - 2) Headed by a banking holding company, one of the subsidiaries and/or associates of which is a bank established in the territory of the Kyrgyz Republic. A bank holding company shall be a parent company of which the bank is one of the subsidiaries and/or associates;
 - 3) A group of legal entities engaged in banking and/or financial activities, which shall include a bank, controlled by one and the same person, either alone or jointly with other persons.
2. If there is no parent company in the group of legal entities, then one of the legal entities of the group authorized by the controlling person shall perform the obligation to provide consolidated reporting and information to the National Bank with the consent of the National Bank.
3. The National Bank shall have the right to establish the cases of non-application of the requirements of consolidated supervision.

Article 79. Activities of the Banking Groups

1. Companies within a banking group may only carry out banking and/or financial activities, as well as activities related to banking and/or finance, including holding shares of the participants of the group, in the case of banking holding companies.
2. A bank being a participant of the banking group shall exercise its activity independently of other participants of the banking group. Banking holding companies established in the Kyrgyz Republic and included in the banking group shall be in the form of a joint stock company.
3. A bank heading a banking group, a bank holding company or a parent company controlling a group of legal entities shall be responsible for the compliance of the activities of the entire banking group with the banking legislation of the Kyrgyz Republic.
4. The Board of Directors and the Management of the bank heading the banking group, bank holding company and the parent company controlling the group of legal entities shall ensure the proper exchange of the necessary information between all participants of the banking group.
5. If a threat arises to the financial condition of a bank established in the territory of the Kyrgyz Republic as a result of its participation in the banking group, the bank shall immediately notify the National Bank to that extent in writing.
6. The requirements of this Law for banks shall apply to the banking group and participants of the banking group to the extent and within the limits established by the National Bank.

Article 80. Prudential Regulations and Other Requirements

1. The National Bank shall establish requirements for the capital adequacy of participants of the banking groups, as well as other prudential regulations and requirements that shall be mandatory for compliance by a banking group.
2. The banking group shall have an appropriate level of capital sufficient to cover the potential losses of all members of the banking group.
3. The capital of the banking group and participants of the banking group shall meet the requirements established by the National Bank. The participants of the banking group shall have policies and procedures in place to ensure capital adequacy. The participants of the banking group shall be responsible for ensuring capital adequacy.
4. The participants of the banking group shall be obliged to immediately notify the National Bank of all facts and circumstances that may materially affect capital adequacy.

Article 81. Risk Management and Internal Control

1. Participants of the banking group shall not assume risks in their activities that may jeopardize the financial stability of any participant of the banking group or the banking group as a whole.
2. The banking group and its participants shall have proper systems (policies) of risk management and internal control, corresponding to the activities of the banking group, as well as this Law and the legislation of the Kyrgyz Republic.
3. The banking group and its participants shall comply with the restrictions of the National Bank on major risks, the size of investments and foreign exchange position on a consolidated basis, as well as to fulfill other requirements for minimizing risks and restricting activity. The National Bank shall have the right to establish restrictions on transactions and operations between the participants of the banking group.
4. The bank, which is the head of the banking group, the bank holding company and the parent company that controls the group of legal entities, shall bear liability for compliance with the requirements of the National Bank for the system of internal control and risk management by the banking group.

Article 82. Reports and Information Provided by the Banking Group

1. The consolidated financial statements of the banking group shall be prepared in accordance with the regulatory legal acts of the National Bank and the international financial reporting standards.
2. The banking group shall be obliged to disclose and submit to the National Bank consolidated financial and regulatory statements and information about its activities according to the list, in the form, volume, procedure and within the time limits established by the National Bank, including in relation to members of the banking group - non-residents of the Kyrgyz Republic.
3. Other legal entities in respect of which the banking group or its participants have significant (direct or indirect) influence shall be obliged to provide them with the reports on their activities for the purposes of compiling consolidated statements.
4. The banking group shall provide the National Bank with the information on members of the Board of Directors and the Management, on significant participants, persons directly or indirectly exercising control, on other related persons in the amount, procedure and within the time limits established by the National Bank.
5. The National Bank shall have the right to require other reports and information from the banking group and its members for assessing the financial condition, risk management system, quality of corporate governance and other supervisory purposes.

Article 83. Enforcement Measures to the Participants of the Banking Group

1. The enforcement measures may be applied to any participant (individuals and legal entities) of the banking group or an official in accordance with this article, if:

- 1) Affiliated persons shall not take measures at the request of the National Bank to eliminate the identified violations and shortcomings that cause or may cause damage to the financial stability of the bank and the interests of the bank's depositors;
- 2) A significant participant in the bank shall not take measures at the request of the National Bank in relation to the companies controlled by it, whose activity or financial situation harms or may harm the financial stability of the bank and the interests of the bank's depositors;
- 3) According to the assessment of the National Bank, the banking group, the head (parent) bank/company and/or foreign supervisory authority shall exercise insufficient control/supervision over the participants of the banking group, which shall not allow identifying and minimizing risks;
- 4) The National Bank cannot get access to the necessary information to carry out supervision on a consolidated basis;
- 5) On other grounds provided for by the banking legislation of the Kyrgyz Republic.

2. The National Bank shall have the right:

- 1) In the case of the bank's subsidiary - to demand from the bank to suspend any investment in that company;
- 2) In the case of the bank's affiliates - to demand from the bank and/or affiliates to suspend operations, transactions (direct and indirect) between such affiliates and the bank;
- 3) In the case of a bank holding company – to demand from the bank holding company to suspend the exercise of control over the bank, including the direct or indirect suspension of the right to vote on shares;
- 4) In the case of companies controlled by significant participants in the bank – to demand from the significant participant to:
 - a) Suspend participation in the activities of the bank, including the direct or indirect suspension of the voting right on shares;
 - b) Suspend direct and indirect operations, transactions between the bank and a significant participant and/or between the bank and a company controlled by the significant participant of the bank;
- 5) In the case of a bank's subsidiary or affiliate – to demand from the bank to reduce its investment to a level where the company is no longer a bank's subsidiary or affiliate;
- 6) In the case of a bank holding company - to cancel the authorization to acquire a threshold participation in the capital of the bank and require the sale of the relevant package of shares;
- 7) In the case of a subsidiary of the parent company of the bank - to demand from the bank holding company to cease control over the subsidiary or the bank;
- 8) In the case of companies that are significant participants in the bank - to cancel the permission to acquire a threshold participation in the bank's capital and require the termination of significant participation in the bank;
- 9) In the case of legal entities controlled by significant participants in the bank - to cancel the permission for the right to be a significant participant in the bank and demand the termination of significant participation in the bank.

3. In the cases referred to in Paragraphs 3-9 of Part 2 of this Article, votes on shares shall not be taken into account when calculating the quorum of the shareholders' meeting of the bank and when making decisions. All previously adopted decisions shall be considered invalid, unless the number of votes on such shares affected the decision on the merits. At the request of the National Bank, the person in violation shall be obliged to sell the relevant block of shares to persons not related to him/her within the established period. Otherwise, the National Bank shall apply to the court for the forced alienation of shares of the said person.

4. In the cases referred to in Paragraphs 1, 2 and 4 of Part 2 of this Article, if the transactions have been carried out in violation of the requirements of the National Bank, then such transactions shall be known to be null and void. The National Bank shall have the right to file a claim to the court regarding the application of consequences of invalidity of void transactions.

Chapter 10. Enforcement Measures Applied to the Banks

Article 84. General Provisions

1. The National Bank shall apply the enforcement measures provided for by this Law to the bank, its shareholders and officials, as well as to the banking group.

2. The purpose of applying the enforcement measures by the National Bank shall be prompt and early response, adjustment and elimination of problems to maintain the stability of banks and the banking system of the Kyrgyz Republic as a whole, protection of the interests of depositors, other consumers and creditors.

3. Enforcement measures shall be applied by the National Bank on the grounds, in cases and in the manner provided for by this Law. The National Bank shall independently determine the feasibility, type (combination of types) and procedure for applying enforcement measures to the bank.

The National Bank shall establish the signs of unhealthy and unsafe banking practices and determine the involvement of banks and their officials in it, and also determine the legal consequences of involvement in unhealthy and unsafe banking practices.

4. When applying the enforcement measures to banks, the National Bank should be guided by the need to maintain high standards of banking practice and the stability of the financial and banking system of the Kyrgyz Republic. It shall not be entitled to be influenced by the interests of shareholders, bank officials, bank-related parties and any other persons, or to take into account the potential losses that they may incur due to the enforcement measures applied by the National Bank.

5. The National Bank shall publish information on the measures taken in relation to banks, and on any change or termination of such measures, except in cases where the publication may damage the interests of depositors and other creditors of the bank, stability, security and integrity of the banking system of the Kyrgyz Republic, as well as other cases established in the regulatory legal acts of the National Bank. The terms and procedure for publishing the said information shall be established by the National Bank. Publication of such information shall not be a disclosure of banking secrecy.

Article 85. Grounds for the Application of Enforcement Measures

1. The grounds for the application of enforcement measures shall be violations of the norms, requirements and restrictions established by this Law and the banking legislation of the Kyrgyz Republic, as well as the legislation of the Kyrgyz Republic in the field of combating the financing of terrorist activity

and legalization (laundering) of criminal proceeds.

2. Enforcement measures shall also be applied in other cases provided for by this Law.

Article 86. Enforcement Measures

The enforcement measures shall include:

1) Order:

a) On eliminating the violation;

- b) On bringing activities in line;
 - c) On performing certain actions;
- 2) A fine imposed:
- a) On a bank - in the amount of not more than ten percent of the minimum authorized capital requirement;
 - b) On a bank official - in the amount of not more than the average annual remuneration, including all types of payments (official salary, premium, bonuses, etc.);
 - c) On non-banking financial and credit institutions and other legal entities supervised by the National Bank - in the amount of not more than ten percent of the balance sheet value of assets and their officials in the amount of not more than the average annual remuneration, including all types of payments (official salary, premium, bonuses, etc.);
- 3) Requirement;
- a) On carrying out measures for financial recovery, restructuring and/or reorganization of the bank;
 - b) On conducting a repeated/special external audit of the bank;
 - c) On the sale of bank shares within a period determined by the National Bank;
 - d) On the reduction of administrative costs;
 - e) On changing the organizational structure of the bank;
 - f) On changing the policies, regulations, procedures and other internal regulatory documents of the bank;
- 4) Improvement of prudential regulations and requirements;
- 5) Restriction or prohibition on:
- a) Disposal of property and/or funds of the bank;
 - b) Distribution of profits and/or payment of bonuses;
 - c) Making investments and transactions with real estate, securities and other transactions;
 - d) Conduct of certain types of banking transactions;
 - e) Creation of subsidiaries, branches, representative offices and other structural divisions of the bank;
 - f) Conduct of operations and transactions with bank-related parties;
 - g) The shareholder's participation in the subsequent activities of the bank;
 - h) Removal or dismissal of officials, change of governing bodies;
- 7) Introduction of a special regime:
- a) Introduction of direct banking supervision;
 - b) The introduction of a provisional administration;
- 8) Withdrawal of a license on the grounds provided for by this Law.

Article 87. Procedure for Applying and Appealing the Enforcement Measures

1. The procedure for applying enforcement measures to banks shall be established by the National Bank.

An order and a fine can be both basic and additional enforcement measures.

2. The enforcement measures applied to banks shall come into force from the date of signing the relevant document of the National Bank, unless otherwise specified in it.

The enforcement measures shall be obligatory for fulfillment. Non-performance or improper performance of the enforcement measures of the National Bank shall be the basis for the adoption of other enforcement measures up to and including the license withdrawal.

3. The enforcement measure applied to the bank may be canceled by the decision of the National Bank.

4. The enforcement measure may be applied not later than twelve months from the date, on which the violation was found.

5. When considering the liability of the bank officials in accordance with this Law, the factor of timely informing the National Bank of a known violation of the norms of the banking legislation of the Kyrgyz Republic, as well as the adoption of all possible measures to prevent or eliminate such a violation, including by voting when making decisions by the collegial governing body of the bank, shall be taken into account.

6. The enforcement measures applied to banks and their officials in accordance with this Law shall not apply to the administrative sanctions.

7. Decisions of the National Bank on the application of enforcement measures to banks may be appealed in the manner established by this Law.

SECTION V

FINANCIAL RECOVERY OF THE BANK

PROVISIONAL ADMINISTRATION AND RESTRUCTURING

Chapter 11. Financial Recovery of the Bank

Article 88. Bank Financial Recovery Plan

1. The bank shall have a financial recovery plan approved by the Board of Directors in case of financial difficulties and problems.

2. The financial recovery plan shall provide adequate measures, ways and resources on the recovery of sustainable and stable activities of the bank. The bank shall conduct the assessment of adequacy of the financial recovery.

3. The financial recovery plan, including the updated one, shall be subject to agreement with the National Bank. The requirements for the preparation and updating of the financial recovery plan shall be established by the National Bank.

4. If the bank is part of a banking group, the bank shall additionally have a financial recovery plan for the banking group. The requirements of this chapter shall apply to the banking group.

5. In cases provided for by the regulatory legal acts of the National Bank, other persons supervised by the National Bank shall have a financial recovery plan in case of financial difficulties and problems. The requirements for the financial recovery plan shall be established by the National Bank.

Article 89. Financial Recovery of the Bank at the Request of the National Bank

1. The National Bank may at any time require the bank to apply measures prescribed by the financial recovery plan, as well as any other measures at its discretion according to the banking legislation of the Kyrgyz Republic.

2. In accordance with the requirement of the National Bank, the Board of Directors of the bank shall be obliged to approve the program of the bank's financial recovery.

3. From the date of the National Bank's request, the bank shall not be entitled to make decisions on the distribution of profits, the payment of dividends, the fulfillment of any financial obligations to the shareholders, as well as the payment of any remuneration to officials and employees of the bank, except for wages.

4. During the period of taking measures for the financial recovery of the bank, the National Bank shall have the right to impose a ban or restriction on the satisfaction of creditors' claims on the bank's monetary obligation, if this leads to a deterioration in its financial condition or bankruptcy.

Chapter 12. Provisional Administration

Article 90. General Provisions

1. Provisional administration is a special regime for the management and operation of a bank, introduced by the National Bank as an enforcement measure in accordance with this Law.

2. Provisional administration shall be introduced for the following purposes:

1) Establishing control over the bank to ensure the safety of assets, documents and information;

2) Establishing the actual state of affairs in the bank and determining its further activities;

3. Protecting the rights and legal interests of depositors and other creditors of the bank, ensuring the stability and security of the banking system of the Kyrgyz Republic.

3. The provisional administration shall be introduced for a period of up to six months. The term of the provisional administration may be extended once for a period not exceeding six months.

4. The provisional administration shall be terminated upon the expiration of its term or ahead of schedule by the decision of the National Bank,

5. The decision of the National Bank on the introduction of provisional administration in accordance with the established procedure shall be brought to the attention of the bank's governing bodies and interested parties.

6. The National Bank, during the period of the provisional administration, shall have the right to withdraw the bank's license at any time and initiate the procedure for the forced liquidation of the bank.

7. The decision of the National Bank on the introduction of provisional administration and termination of its activities shall be published in the mass media and on the official website of the National Bank.

8. The provisions of this chapter shall apply to other persons supervised by the National Bank in accordance with their specifics and the requirements of the regulatory legal acts of the National Bank.

Article 91. Grounds for the Provisional Administration

1. The National Bank shall be obliged to introduce provisional administration into the bank on any of the following grounds:

1) The amount of the bank's own capital shall be less than seventy-five percent of the minimum amount of own (regulatory) capital established by the National Bank;

2) Any of the capital adequacy ratios shall be less than thirty percent of the ratio value established by the National Bank;

3) After the due date of payment, the bank shall be unable to satisfy the legitimate claims of the creditor on debt obligations within the next five business days.

2. The National Bank shall have the right to introduce provisional administration into the bank on any of the following grounds:

- 1) The bank has violated the capital requirements and/or, according to the assessment of the National Bank, there are grounds to believe that the financial condition of the bank will seriously deteriorate;
- 2) There are any grounds for the license withdrawal in accordance with this Law;
- 3) There are disagreements between the governing bodies of the bank disorganizing its work, and/or management of the bank is lost, when the governing bodies or officials of the bank cannot perform their functions, including cases when the bank is refused to conduct a voluntary liquidation;
- 4) Other grounds provided for by this Law.

Article 92. Consequences of the Introduction of Provisional Administration

1. The introduction of provisional administration into the bank shall entail the following consequences:

- 1) The powers of the governing bodies and officials of the bank shall be suspended and transferred to the provisional administration. Only the provisional administration shall have the right to act on behalf of the bank as a legal entity. Any action taken by anyone on behalf of the bank shall be considered void;
 - 2) All banking operations, transactions and other activities shall be suspended, unless otherwise determined by the National Bank;
 - 3) The execution of judicial acts on the collection of debts from the bank shall be suspended, with the exception of property held in trust management of the bank;
 - 4) Legal proceedings in civil and economic cases, in which the bank is a party, shall be suspended;
 - 5) The execution of any compulsory acts of the authorized state bodies adopted in relation to the bank shall be suspended;
 - 6) The accrual of interest, penalties and other financial sanctions on all debt obligations of the bank, including mandatory payments to the budget, shall be terminated;
 - 7) Distribution of profits, payment of dividends, fulfillment of any financial obligations to shareholders, as well as payment of any remuneration (premiums, bonuses and other incentive payments, except for fixed wages) to officials and employees of the bank shall be terminated.
2. The procedure for banking operations and payments, as well as other activities during the period of provisional administration shall be determined by the National Bank.
3. By the decision of the National Bank, the provisional administration may make payments on deposits of persons not related to the bank.
4. With the consent of the National Bank, the rules for the finality of settlements in payment and settlement systems for securities provided for by this Law may be applied.
5. The Bank shall bear full responsibility for all operations and transactions carried out by the provisional administration on behalf of the bank in accordance with this Law.
6. During the period of provisional administration, the payment of wages and compensation for damage caused to the life and health of employees shall not be suspended.
7. Service providers (electricity, water, communications, security, and others) shall not be entitled to unilaterally terminate service agreements with the bank in connection with the introduction of provisional administration.

Article 93. Provisional Administrator

1. An individual who has an impeccable business reputation, at least five years of experience in the financial and banking system and meets the qualification and other requirements established by the National Bank may be appointed as a provisional administrator.

Employees of the National Bank cannot be a provisional administrator.

2. The provisional administrator shall act on the basis of an agreement concluded with the National Bank.

3. In order to prevent a conflict of interest, a person applying for the position of a provisional administrator shall be obliged to provide the National Bank with comprehensive information about his/her personal data and business interests in accordance with the established form.

4. Payment to the provisional administrator and the employees involved by him/her, who are not employees of the National Bank, shall be carried out at the expense of the bank. In cases where the bank having appointed the provisional administrator shall not have liquid funds to pay for the labor of the provisional administrator and the persons involved by him/her, who are not employees of the National Bank, these expenses shall be covered at the expense of the National Bank's own funds by its decision. These expenses will be charged to the expenses of the bank having appointed the provisional administrator. Remuneration of employees of the National Bank involved in the composition of the provisional administration shall be carried out at the expense of the National Bank's own funds.

Expenses incurred by the National Bank in accordance with the first paragraph of this part shall be repaid by the bank in the event of termination of the provisional administration's activities, and in the event of the commencement of the procedure for forced liquidation of a bank - in accordance with the order of satisfaction of creditors' claims established by Article 122 of this Law.

5. The cost estimate for the provisional administration shall be drawn up by the provisional administrator and agreed with the National Bank. The provisional administrator shall report on the expenses of the provisional administration in accordance with the procedure and terms established by the National Bank.

6. The civil liability of the provisional administrator shall be subject to compulsory insurance. Requirements to the insurer and conditions of insurance shall be determined by the National Bank.

Article 94. Powers and Organization of the Work of a Provisional Administrator

1. The provisional administrator shall exercise all the powers of the bank's governing bodies under the charter and the legislation of the Kyrgyz Republic, except for the powers to make a decision on voluntary liquidation.

The general shareholders' meeting may decide to change the activities and re-register as a microfinance company, which shall be approved by the provisional administrator.

2. The provisional administrator shall exercise his/her powers to achieve the goals provided for by this Law. The provisional administrator shall act in good faith and reasonably in the best interests of the bank, its depositors and other creditors.

3. The provisional administrator shall coordinate his/her actions with the National Bank and report to him/her. The provisional administrator shall carry out transactions and payments with the permission of the National Bank.

4. The procedure for organizing the work and reporting of the provisional administrator shall be established by the National Bank.

Article 95. Conclusion of a Provisional Administrator

The provisional administrator shall submit to the National Bank a conclusion that shall include one of the following recommendations not later than fifteen calendar days from the date of the introduction of provisional administration into the bank, based on the results of the analysis of the financial condition of the bank and the assessment of its activities:

- 1) To resume the independent activities of the bank in connection with the elimination of problems or after their elimination;
- 2) To withdraw the license and start the forced liquidation of the bank;
- 3) To carry out measures for the restructuring of the bank, provided for by this Law;
- 4) To take measures to change the activities and re-register as a microfinance company at the suggestion of the general shareholders' meeting of the bank.

Chapter 13. Bank Restructuring

Article 96. General Provisions on the Bank Restructuring

1. Bank restructuring is a set of measures taken in relation to a bank in order to protect the interests of depositors and other creditors, maintain the continuity of the banking functions systemically important for banking or payment system, and ensure the stability of the banking and financial system. Bank restructuring shall be carried out by applying the following measures separately or in combination:

1) Recapitalization of the bank;

2) Transfer or sale of assets and liabilities of the bank;

3) Creation of a "transitional bank".

2. When implementing any measures to restructure a bank, they shall not worsen the situation of the bank's creditors compared to what they would have had in the case of the forced liquidation of the bank.

3. The application of bank restructuring measures shall be preceded by the evaluation of the bank's assets and liabilities in the manner prescribed by the National Bank.

4. Bank restructuring measures shall not limit the powers of the National Bank to apply enforcement measures provided for by this Law.

5. Any decisions and actions to implement bank restructuring measures shall not be subject to suspension by the court. The interested parties shall have the right to apply to the court for the protection of their rights and interests.

6. By decision of the National Bank, the bank under restructuring may be subjected to forced liquidation in accordance with this Law.

7. The bank restructuring measures shall be taken by the provisional administrator under the regime of the provisional administration with the consent of the National Bank. Specifics of the bank restructuring measures shall be established by the National Bank.

Article 97. Bank Recapitalization

1. Bank recapitalization shall be a change in capital, in the structure of assets and liabilities by introducing additional cash, covering losses, converting the bank's liabilities into capital, including liabilities to shareholders and the bank-related parties, as well as through other means that shall not contradict the legislation.

2. When carrying out measures for bank recapitalization, the consent of the bank's shareholders and creditors shall not be required, unless otherwise provided by this article.

3. Bank recapitalization shall be carried out:

1) By covering losses at the expense of shares and other capital accounts of shareholders (reserves, undistributed profits, etc.). In this case, the shares shall be canceled;

2) By covering losses at the expense of the bank's liabilities to its shareholders and bank-related parties, or transforming such liabilities into the bank's capital. At the same time, such obligations shall be terminated;

3) By issuing new shares and selling them;

4) By attracting a subordinated loan;

5) Through the application of other measures.

4. The transformation of the bank's liabilities into capital shall not be allowed in relation to the following liabilities:

- 1) On the deposits subject to protection under the law on the protection of bank deposits;
 - 2) On the claims of secured creditors in the amount not exceeding the value of the subject of pledge;
 - 3) To customers accounted separately from the bank's funds;
 - 4) On wages, severance payments, as well as liabilities arising from causing harm to the life and health of a bank employee;
 - 5) On obligatory payments to the budget and other off-budget funds.
5. The decision to participate in the recapitalization of a systemic bank shall be made by the Cabinet of Ministers of the Kyrgyz Republic and on the recommendation of the National Bank. The recapitalization of a systemically important bank with the attraction of funds allocated by the Cabinet of Ministers of the Kyrgyz Republic shall be carried out after the implementation of measures specified in Paragraphs 1 and 2 of Part 3 of this Article.
6. The recapitalization at the expense of funds or guarantees of the National Bank shall be prohibited.
7. Other parties may participate in the recapitalization of a systemically important bank with the consent of the National Bank.
8. The procedure and conditions for the bank recapitalization measures shall be established by the National Bank.

Article 98. Transfer or Sale of the Bank's Assets and Liabilities

1. The transfer or sale of the bank's assets and liabilities shall be carried out if, according to the assessment of the National Bank:
- 1) There is a real threat of declaring the bank bankrupt and failure to take such a decision may worsen the position of depositors and other bank-related creditors;
 - 2) Such a decision is the best way to ensure the protection of depositors and other creditors not related to the bank, and the security of the deposit base;
 - 3) This measure shall be necessary to maintain the stability and security of the financial and banking system and prevent undermining of the population's trust in banks.
2. When transferring or selling the banks' assets and liabilities, the assets and liabilities of the bank in whole or in part may be transferred or sold in any volume and in any ratio.
3. The transfer or sale of the bank's assets and liabilities shall be carried out on market terms. The proceeds from the sale of the bank's assets shall be directed to the bank under restructuring.
4. In the case of a transfer or sale of the bank's assets and liabilities, the person accepting or buying them shall have the appropriate licenses or permits.
5. Transfer or sale of the bank's assets and liabilities shall not require the consent of creditors and shareholders of the bank, as well as any other interested persons.
6. The National Bank shall publish a message on the transfer or sale of the bank's assets and liabilities in the mass media and on the website of the National Bank.
7. As a matter of priority, the bank's liabilities on deposits subject to protection in accordance with the law on the protection of bank deposits shall be subject to transfer.
8. The transfer or sale of the bank's assets and liabilities shall not be a violation of the rights of depositors and other creditors.
9. Creditors, shareholders of the bank and other persons whose property, liabilities and rights have not been transferred or sold shall not

be entitled to pretend or claim their rights on any grounds for assets, liabilities and rights transferred or sold to other persons.

Article 99. Use of Funds of the Deposit Protection Fund

1. During the implementation of measures for the transfer or sale of the bank's assets and liabilities, the funds of the Deposit Protection Fund could be used in the amount and on the terms agreed between the authorized body for the protection of the deposits and the National Bank.
2. Funds of the Deposit Protection Fund shall be used when transferring deposit obligations to another bank only in respect of deposits subject to protection in accordance with the law on the protection of bank deposits.
3. The amount of funds allocated by the Deposit Protection Fund in accordance with this article may not exceed the amount of payments on deposits upon the occurrence of a guarantee event in accordance with the law on the protection of bank deposits.
4. The use of the funds of the Deposit Protection Fund for the purposes of this article shall be equated to payments upon the occurrence of a guarantee event. Reimbursement of the funds of the Deposit Protection Fund shall be carried out in the order of priority of the creditors established by this Law.

Article 100. Creation of a "Transitional" Bank

1. The provisional administrator, with the consent of the National Bank, shall have the right to establish a "transitional" bank on the basis of the assets and liabilities of the bank under restructuring.
2. The state registration of a "transitional" bank as a legal entity and the issuance of a license from the National Bank shall be carried out within seventy-two hours from the moment of applying to the authorized state body.
3. The procedure for issuing a license, requirements for capital and other prudential regulations for the "transitional" bank shall be established by the National Bank.
4. Official publication of the establishment of a "transitional bank" shall be made not later than the next day after the issue of a license of the National Bank.
5. The provisional administrator shall be obliged to sell the shares of a "transitional" bank by any available means as soon as possible, but not later than one year from the moment of its creation. By the decision of the National Bank, the period for the sale of shares of a "transitional" bank can be extended once for a period of up to one year. If the shares of a "transitional" bank shall not be sold within the established period, then it shall be subject to liquidation. All information related to the sale of shares of the "transitional" bank shall be open and transparent, the sale shall be carried out on market terms without giving preferences to individual buyers.
6. Proceeds from the sale of shares of the "transitional" bank shall be sent to the bank under restructuring.
7. The consequences of the introduction of a provisional administration provided for by this Law shall not apply to the "transitional" bank.
8. From the moment of its creation, the "transitional" bank shall acquire the status of a participant in the deposit protection system without an entrance fee.
9. The "transitional" bank as a legal entity shall not be the legal successor of the bank under restructuring, and shall not be responsible for any of its obligations, except for those that were transferred to it in accordance with this Law.
10. The transfer of assets and liabilities to the "transitional" bank shall be carried out according to the rules of Article 98 of this Law.

Article 101. Interaction of the National Bank with Other Interested Persons When Implementing the Restructuring Measures

1. The National Bank shall have an action plan for the implementation of bank restructuring measures, including those coordinated with the Cabinet of Ministers of the Kyrgyz Republic and other interested bodies.

2. The National Bank shall interact with foreign authorized bodies on the implementation of supervisory measures in relation to a banking group.

SECTION VI

PRE-ACTION AND JUDICIAL APPEALS AGAINST THE DECISIONS OF THE NATIONAL BANK

Chapter 14. Pre-Action and Judicial Appeals Against the Decisions of the National Bank

Article 102. Procedure and Terms of Pre-Action Appeal

1. Pre-action appeal against the decisions of the National Bank shall be mandatory. Any decisions of the National Bank shall be subject to pre-action appeal, with the exception of decisions of the National Bank Board, which shall be appealed in court.
2. Pre-action appeal shall not suspend the decisions of the National Bank.
3. Pre-action appeal against the decisions of the National Bank shall be carried out within a period of not later than twenty business days from the date of receipt of the relevant decision of the National Bank.
4. The National Bank shall consider the complaint on the merits not later than thirty calendar days from the date, on which the complaint was received. The National Bank shall have the right to extend the period for considering a complaint once for thirty calendar days.
5. The procedure for pre-action appeal against the decisions of the National Bank shall be established by the National Bank.

SECTION VII

LIQUIDATION OF BANKS

Chapter 15. General Provisions

Article 103. General Provisions On the Bank Liquidation

1. Bank liquidation shall be carried out in the form of voluntary liquidation (self-liquidation) or forced liquidation. The procedure for voluntary liquidation (self-liquidation) of a bank shall be conducted out of court, and the procedure for the forced liquidation of a bank shall be conducted in court.
2. The basis for the liquidation of a bank in any form shall be the decision of the National Bank to withdraw the license. The National Bank shall withdraw the bank's license on the initiative of the bank (voluntary liquidation) or on its own initiative (forced liquidation).

The National Bank shall withdraw the license of a bank on its own initiative or in order to satisfy the request of interested persons (shareholders, creditors) in accordance with this Law. If the National Bank shall not agree with the justifications of the interested parties, the bank liquidation in any form cannot be started.

Initiation by the court of a procedure for the forced liquidation of the bank at the request of its creditors, shareholders or other interested

persons, in the absence of a decision of the National Bank to withdraw a banking license, shall be prohibited.

3. Bank liquidation in any form shall be carried out exclusively in accordance with this Law.

4. The application of the norms of other laws of the Kyrgyz Republic to the liquidation of banks shall apply only in cases expressly provided for by this Law.

5. The National Bank shall be obliged to send a written notice of withdrawal of the bank's license to the authorized body for deposit protection and the authorized state body for the registration of legal entities within two business days from the date, on which the license was withdrawn.

6. The National Bank shall be obliged to publish a message on the withdrawal of the bank's license on the official website and in the republican mass media within three business days.

7. The National Bank shall monitor banks in liquidation until the final completion of all procedures, including the approval of the final report of the liquidator.

8. In order to ensure equality of claims of creditors of the same priority to the assets of a bank in liquidation, which activities were carried out in more than one country, the following shall be established:

1) The National Bank shall cooperate with supervisory and other official bodies of foreign countries where branches, representative offices or subsidiaries of a bank registered in the Kyrgyz Republic shall be located, including exchanging of information within the framework of banking supervision and liquidation procedures, and banking secrecy;

2) Recognition of decisions of foreign courts, taken in relation to a bank that has a branch, representative office or subsidiary abroad, shall be carried out by the court of the Kyrgyz Republic in accordance with the legislation and the international treaties of the Kyrgyz Republic, taking into account the official conclusion of the National Bank.

9. All documents of the bank in liquidation, as well as the agreements concluded by a liquidator of the bank shall contain a record that the bank is in the process of liquidation.

10. The liquidation of a bank shall not entail succession.

Article 104. Bank Liquidation in Connection with Bankruptcy

1. Bank insolvency shall be established by the National Bank and must be recognized by the court. Establishment of the bank's insolvency shall be the basis for applying to the court for recognizing it as a bankrupt and commencement of forced liquidation in accordance with this Law. In the event of establishment of the bank's insolvency, the banking license shall be subject to withdrawal.

2. The bank's insolvency shall be established in the following cases:

1) Upon the due date of payment, the bank shall be unable to satisfy the legitimate claims of the creditor to pay the debt or fulfill other obligations within ten business days;

2) The amount of own (regulatory) capital of the bank shall be less than fifty percent of the minimum amount of own capital established by the National Bank;

3) Any of the capital adequacy ratios shall be less than twenty-five percent of the ratio set by the National Bank;

4) The value of the bank's assets shall be lower than the value of its liabilities according to the calculations of the National Bank.

3. When establishing the bank's insolvency and declaring the bank bankrupt, the following may not be taken into account:

1) The possibility of paying off or redemption of debts in the future in any other way;

2) The availability of a significant amount of financial reserves that are not included in the assets of the bank with shareholders and/or potential investors of the bank, the profitability of the bank in the past or its reputation;

3) Additional facts and documents submitted by the bank, which were not known or were not available to the National Bank at the time the bank was declared bankrupt.

4. When establishing the bank's insolvency, the banking license shall be subject to withdrawal and a procedure for forced liquidation of the bank must be initiated.

Article 105. Liquidation of a Branch of a Foreign Bank

1. Liquidation of a branch of a foreign bank shall be carried out in the manner prescribed for banks of the Kyrgyz Republic, taking into account the specifics established by the regulatory legal acts of the National Bank.
2. Upon termination of the activities of a branch of a foreign bank or the foreign bank itself in the country of its location, its funds and other assets cannot be transferred/alienated/withdrawn/recovered otherwise than in accordance with this Law.
3. Creditors of a branch of a foreign bank, in the event of liquidation of a foreign bank and insufficiency of assets necessary to satisfy claims, shall have the right to apply to a foreign bank and demand to pay off the debts.
4. In case of liquidation of a foreign bank that has a branch in the territory of the Kyrgyz Republic, the applicable law in relation to a branch of a foreign bank shall be the law of the Kyrgyz Republic.

Article 106. Provisions on the Liquidation of a Bank Having a Branch, Representative Office or Subsidiary Abroad

In case of the liquidation of a bank having a branch, representative office or subsidiary abroad, the rules of this section shall be applied with the provisions of international treaties of the Kyrgyz Republic.

Article 107. Voluntary Liquidation (Self-Liquidation) of a Bank

1. Voluntary liquidation of a bank shall be conducted out of court by decision of the general shareholders' meeting of the bank, adopted by at least two-thirds of the total number of votes of the bank's shareholders. Voluntary liquidation of a bank shall be conducted exclusively with the consent of the National Bank.
2. After adoption of the decision on voluntary liquidation of a bank by the general shareholders' meeting, the bank shall be obliged to make full settlements with all depositors of the bank or transfer the rights and liabilities arising from bank deposit agreements to another bank, and then apply to the National Bank with a request to withdraw a license and the commencement of the procedure for the voluntary liquidation of the bank.
3. The bank's application for withdrawing the license and commencing the voluntary liquidation procedure shall be accompanied by:
 - 1) The decision of the general shareholders' meeting on the voluntary liquidation of the bank;
 - 2) Information on the full settlement with all depositors of the bank or on the transfer of rights and liabilities arising from bank deposit agreements to another bank;
 - 3) The candidacy of the liquidator that shall meet the requirements established by the National Bank;
 - 4) Financial statements of the bank as of the last reporting date, confirmed by an audit report;
 - 5) A voluntary liquidation plan;
 - 6) Other necessary information, the list of which shall be determined by the National Bank.

4. The National Bank shall be obliged to consider the application of the bank within a month and take one of the following decisions:

1) On withdrawing the license, commencement of the voluntary liquidation of the bank and the appointment of a liquidator. If the National Bank is not satisfied with the candidacy of the liquidator proposed by the bank, the National Bank shall have the right to appoint other liquidator;

2) On refusal to satisfy the application of the bank, submitted with violations of the requirements of this article, or if the voluntary liquidation plan of the bank is unacceptable according to the National Bank;

3) On withdrawing the license and the commencement of forced liquidation of the bank if, according to the National Bank, the value of the bank's assets is lower than the value of its liabilities.

5. After the adoption of the decision of the National Bank on withdrawing the license and the commencement of the voluntary liquidation of the bank, the decision of the general shareholders' meeting of the bank on the voluntary liquidation cannot be withdrawn or canceled.

6. With the withdrawal of the license by the National Bank and the commencement of the voluntary liquidation of the bank, the full powers of the general shareholders' meeting shall be transferred to the liquidator of the bank, with the exception of the approval of the final liquidator's report and the liquidation balance sheet of the bank.

7. The procedure for voluntary liquidation of the bank shall be determined by the regulatory legal acts of the National Bank.

Article 108. Forced Liquidation of a Bank

1. After the withdrawal of a license for the right to carry out banking activities, the National Bank shall apply to the court to initiate the procedure for the forced liquidation of the bank in the manner established by this Law within five business days. Until the court appoints a liquidator, the National Bank shall appoint a provisional administration to the bank in order to ensure the safety of the bank's assets and protect the interests of depositors. If there was a provisional administration in the bank at the time of withdrawing the license, the bank shall retain its powers until the appointment of a liquidator by the court.

2. The liquidator shall carry out the procedure for the forced liquidation of the bank in accordance with this Law.

3. During the forced liquidation of the bank, it shall be prohibited to introduce a provisional administration, apply measures for financial recovery and restructuring, carry out reorganization, and also conclude an amicable agreement.

4. A bank subjected to the forced liquidation procedure shall be held fully liable for its obligations to the extent of all its assets and property.

Chapter 16. Liquidator of a Bank

Article 109. Status of the Liquidator

1. The liquidator shall be appointed by a court decision on the proposal of the National Bank. Qualification and other requirements for the selection of candidates to perform the functions of a bank's liquidator shall be established by the National Bank.

The liquidator shall have the powers of all governing bodies of the bank and shall be the only legal representative of the bank as a legal entity, unless otherwise provided by this Law. The liquidator shall act on behalf of the bank without a power of attorney, indicating that the bank is undergoing a voluntary or forced liquidation procedure in all outgoing documents and messages.

2. The main task of the liquidator shall be recovery, sale of the bank's assets and the subsequent distribution of funds among creditors in accordance with this Law.

3. The bank shall be held liable for the obligations arising from transactions concluded by the liquidator in accordance with the powers granted to him by this Law, except for cases when the liability of the liquidator arises in accordance with the civil legislation.

4. The court shall replace the liquidator, including on the proposal of the National Bank, if it establishes that the liquidator does not properly perform his functions and powers, does not provide information to the National Bank, or if the liquidator is not entitled or unable to perform his duties. The person appointed by the court in order to replace the liquidator shall also be presented to the court by the National Bank.

In case of voluntary liquidation of the bank, the National Bank shall have the right to replace the liquidator at the request of the general shareholders' meeting of the bank or on its own initiative.

The newly appointed liquidator shall enter into the powers of the liquidator in accordance with the established procedure.

5. The remuneration to the liquidator shall be established by the court on the proposal of the National Bank in proportion to the complexity of the bank in liquidation, but may not exceed the official salary of the chairman of the Board of the bank in liquidation, calculated for the last year preceding the introduction of the provisional administration or the withdrawal of the license, or the amount of remuneration of the provisional administrator who acted in the bank on the date of the decision to liquidate the bank. The liquidator shall establish remuneration for the employees involved in the amount not exceeding the official salaries of the relevant employees of the bank, which were in effect before the introduction of the provisional administration or the withdrawal of a license.

6. Three percent of the proceeds from the sale of assets used to satisfy the claims of creditors (with the exception of the amounts received from the sale of high-value assets not burdened with obligations and pledged property) shall be directed by the liquidator to the accumulation fund. Before the court approves the liquidator's final report, the National Bank shall have the right to recommend the court to decide on the payment of remuneration to the liquidator following the results of the liquidation procedure at the expense of the accumulation fund, as well as by the decision of the liquidator – to the employees in accordance with the concluded contracts. In the absence of the specified recommendation of the National Bank, the payment of remuneration at the expense of the accumulation fund shall be prohibited, and the funds of the accumulation fund shall be directed to satisfy the requirements of creditors.

7. The payment of remuneration shall be taken to the costs of the forced bank liquidation procedures (administrative expenses).

Article 110. Powers of the Liquidator

1. The liquidator shall be obliged to act in good faith and in the best interests of creditors in the course of the liquidation procedure of the bank.

2. In order to fulfill its tasks and functions, the liquidator:

1) Shall take the bank under his supervision, conduct an inventory of assets, accounts and documents, take measures to ensure the safety of the bank's assets from the moment of his appointment;

2) Shall dispose property, perform any lawful actions with all the assets of the bank in order to optimally satisfy the requirements of creditors, take measures to collect debts to the bank, and also measures aimed at searching, identifying and returning the property and assets of the bank;

3) Shall check the validity of creditors' claims and, in case of frivolousness of claims, reject them in full or in part;

4) Shall make payments to creditors in compliance with the rules and procedures established by this Law;

5) Shall have the right to refuse any obligations of the bank, including transactions, the execution of which will not bring profit or lead to the formation of obligations (without satisfying the claims of creditors or parties to transactions that will become creditors of the bank during the liquidation procedure in respect of losses caused to them as a result of refusal from the performance of legally valid obligations or duties);

6) Shall submit to the authorized body for the protection of deposits information on guaranteed deposits of individuals during the period established by the law on the protection of bank deposits;

7) Shall have the right to apply to the court with a demand to recognize the transactions conducted by the bank during the past three years preceding the liquidation as invalid, if these transactions have signs of the invalidity specified in this Law and the legislation of the Kyrgyz Republic;

8) Shall have the right to apply to the court with a demand to bring shareholders, members of the Board of Directors, the Management of the bank to liability in accordance with the legislation of the Kyrgyz Republic;

- 9) Shall cooperate with the National Bank and other authorized state bodies for the purposes of this section;
 - 10) Shall submit to the National Bank accounting and statistical reporting and other reports of the bank in liquidation in the manner and to the extent established by the National Bank;
 - 11) Shall perform other functions arising from this Law for the implementation of the bank liquidation procedure.
3. When filing a claim with the court in the interests of the bank in respect of which the liquidation procedure shall be carried out, the liquidator shall be exempted from paying the state fee in all courts as a plaintiff and defendant in all cases.

Article 111. Liquidator's Reports

1. The liquidator shall submit to the court, the National Bank, as well as the general shareholders' meeting (in case of voluntary liquidation) a preliminary, current and final reports.
2. The preliminary report shall be submitted by the liquidator not later than thirty calendar days from the date of the bank liquidation procedure.
3. A report on the progress of liquidation shall be submitted by the liquidator on a quarterly basis.
4. The final report shall be submitted by the liquidator in accordance with this Law.
5. The National Bank shall determine the requirements for the structure and content of the liquidator's reports.
6. The National Bank shall have the right to request information from the liquidator regarding the activities of the liquidator, including planned and actual administrative costs for the bank liquidation procedure and the reasons of their refusals.

Chapter 17. Bank Liquidation Procedure

Article 112. Consequences of the Bank Liquidation Procedure

1. From the moment of the bank liquidation procedure in any form:
 - 1) The powers of the general shareholders' meeting shall be terminated (for the exception of certain powers at voluntary liquidation of the bank, established by this Law), Board of Directors and the Management of the bank, as well as a provisional administration, which shall be immediately transferred to the liquidator in the established order;
 - 2) Actions taken by the bank or on behalf of the bank shall be null and void, except for the actions taken by the National Bank or a liquidator appointed to the bank, or another authorized person on their behalf;
 - 3) The maturity dates of all debt obligations of the bank shall be considered to be due, if they have not been due earlier;
 - 4) All claims of a property nature, including the ones on mandatory payments, may be presented to the bank only within the framework of the liquidation procedure;
 - 5) The accrual of a forfeit (fine, penalty) and interest on all debt obligations of the bank shall be terminated, the accrued amounts at the time of the liquidation procedure shall be subject to payment in accordance with this Law;
 - 6) Information about the financial condition of the bank shall cease to be classified as confidential or commercial secrecy, with the exception of information constituting banking secrecy;
 - 7) Transactions related to the alienation of the bank's property, payment of debts, redemption of obligations, or involving the transfer of its property for use to third parties, shall be allowed only as part of the liquidation procedure;

8) Any court cases against the bank shall be terminated by proceedings, including those aimed at forced execution of the bank's obligations, as well as arrests imposed on the bank's assets, and other restrictions on the disposal of its property. The imposition of new arrests or other restrictions on the disposal of the bank's property shall not be allowed;

9) Any judicial acts (decision, ruling, decree, writ of execution, order) aimed at arrest and recovery of the bank's assets, including bank accounts or other property, shall be subject to execution as part of the bank liquidation procedure;

10) Other enforcement procedures cannot be initiated in relation to the bank and its assets;

11) The emergence of other consequences provided for by this Law and the banking legislation of the Kyrgyz Republic for the bank in liquidation.

2. The liquidator shall publish a message about his appointment in the republican mass media at the place where the main activity of the bank is carried out within five calendar days from the date of his appointment. The publication shall be carried out twice with an interval of seven business days.

3. These publications shall contain the following information:

- 1) Corporate name and other details of the bank in liquidation;
- 2) Grounds and date of commencement of the liquidation procedure;
- 3) Information about the liquidator;
- 4) information about the filing of claims by creditors of the bank in liquidation;
- 5) Address of the bank for filing claims by creditors to the bank in liquidation;
- 6) Date of expiration of the term for accepting claims;
- 7) Other information.

Article 113. Term of Liquidation

1. The term for liquidating a bank may not exceed twenty-four months. If necessary, this period may be extended by the court at the request of the liquidator with the written consent of the National Bank.

2. During the liquidation of the bank upon a reasoned application of the liquidator with the consent of the National Bank, the court may suspend the liquidation procedure for a period not exceeding 6 months.

If the court shall decide to suspend the liquidation procedure, the term for liquidating the bank shall be extended in proportion to the term for suspending the liquidation procedure.

3. Extension of the liquidation period shall not be allowed without consideration and approval by the court of the liquidator's report for the previous period in case of forced liquidation, and in case of voluntary liquidation - by the National Bank.

Article 114. Liquidation Plan

1. Within thirty calendar days from the date of the decision made by the court to start the forced liquidation procedure, the liquidator, in agreement with the National Bank, shall prepare a Bank Liquidation Plan. The National Bank shall be obliged to consider this Plan in the order of agreement not later than ten business days from the date of its receipt.

2. The Plan agreed with the National Bank shall be submitted by the liquidator to the court for approval. The court shall approve this Plan within five business days from the date of its submission. After approval by the court, the Liquidation Plan shall be submitted for familiarization to the National Bank and creditors of the bank, whose requirements shall be included in the list of approved requirements.

3. The Liquidation Plan shall be updated once every six months.

4. The Liquidation Plan shall include:

- 1) Current balance sheet reflecting the assets and liabilities of the bank at their estimated liquidation value, and an approximate balance of expected assets and liabilities of the bank in six months; these balance sheet shall indicate accepted, approved and protested claims of creditors as liabilities;
- 2) Quarterly reports on past and projected income and expenses of the bank during the liquidation period;
- 3) A progress report on the sale and plans for the sale of the main assets or groups of bank's assets;
- 4) A report on judicial and extrajudicial actions aimed at satisfying the requirements of the bank, including judicial actions to cancel fraudulent agreements and transfers, as well as the rights arising from such agreements and transfers;
- 5) A report on illegal actions of bank officials and actions aimed at obtaining compensation in favor of the bank;
- 6) A report on the continuation or termination of current contracts, such as insurance contracts, employment contracts, contracts for servicing and banking, including a detailed analysis of the financial security of bank employees;
- 7) A report on the bank's liabilities and a schedule of expected payments to the bank's creditors within the next six months;
- 8) A report on past and future costs and expenses for liquidation;
- 9) An estimate of income and expenses for the period of liquidation.

Article 115. Special Account of the Bank in Liquidation

1. In order to accumulate the funds of the bank in liquidation, the liquidator shall open a special account of the bank in liquidation with another bank. Such an account may be opened in national and/or foreign currency.
2. All accounts of the bank in liquidation shall be subject to closure, the balance of funds on these accounts shall be transferred to a special account of the bank in liquidation.
3. Funds on a special account of the bank in liquidation may be used only to pay off the claims of the bank's creditors and the liquidator's administrative expenses.
4. Seizure, suspension of operations and foreclosure on funds held on a special account of the bank in liquidation shall be prohibited.
5. In the event of liquidation of the bank in which a special account of the bank in liquidation is opened, the funds held on the special account shall not be included in the liquidation estate and shall be subject to immediate transfer to another special account opened with another bank according to the liquidator's instructions.
6. The liquidator shall quarterly submit to the court and the National Bank a report on the amount and purpose of the use of funds held in a special account of the bank in liquidation.

The court, on the proposal of the National Bank, shall decide to reduce the administrative expenses of the liquidator.

Article 116. Expenses for the Liquidation Procedures (Administrative Expenses of the Liquidator)

1. The costs of the liquidation procedures (administrative costs of the liquidator) shall include:
 - 1) Expenses for the publication of notices and announcements of the liquidator;

- 2) Expenses associated with the search, collection, appraisal and sale of the bank's assets;
 - 3) Expenses related to ensuring the safety of the bank's assets;
 - 4) Remuneration to the liquidator and payment of labor of involved employees;
 - 5) Funds of the accumulation fund;
 - 6) Expenses related to the payment for services necessary to continue functioning, and obligatory payments to the budget (electricity, water supply, communications, security, transport, taxes, duties, fees, charges and others).
2. In cases where the bank does not have liquid funds to cover administrative expenses during the bank liquidation procedure, such expenses can be incurred at the expense of the National Bank's own funds upon a reasoned request of the bank's liquidator.
3. During the period of suspension of the liquidation procedure, administrative expenses shall not be financed, except for expenses related to the payment of services necessary for the continuation of operation and mandatory payments to the budget (electricity, water supply, communications, security, transport, taxes, charges, fees, etc.).
4. The National Bank shall provide funds to cover administrative expenses on the basis of an agreement concluded with the liquidator of the bank.
5. The procedure for providing funds and the types of administrative expenses that will be carried out at the expense of the National Bank's own funds shall be determined by the National Bank.
6. The National Bank shall transfer funds for the bank liquidation procedure to a special account opened by the liquidator in accordance with Article 115 of this Law.
7. The funds provided by the National Bank to the liquidator of the bank for administrative expenses shall not be included in the liquidation estate and shall relate to the administrative expenses of the liquidator in accordance with Article 121 of this Law, and shall also be repaid by the liquidator out of the order of repayment of creditors' claims established by this Law.

Article 117. Acceptance and Registration of Creditors' Claims

1. Claims of creditors shall be submitted to the liquidator in writing within sixty calendar days from the date of publication of a notice on the initiation of a bank liquidation procedure in the republican mass media, except for the cases provided for by this article.
2. The court may extend this term once for all creditors for thirty calendar days. Information about the extension of the deadline for accepting creditors' claims must be published by the liquidator.
3. When filing claims, the creditor shall be obliged, along with the substance of the claims, to indicate information that allows to identify the creditor, as well as his bank details (if any).
4. Claims of creditors shall be accepted together with documentary confirmation of the grounds for such claims.
5. Claims of creditors reflected in the bank's accounting and reporting documents shall be accepted by the liquidator in the same way in which they are reflected in the documents, without additional evidence, with the exception of claims for a greater or lesser amount than the one reflected by the bank.
6. In accordance with the law on the protection of bank deposits, the liquidator shall accept the claims of depositors only to the extent that shall exceed the amount of deposit compensation (guaranteed deposit).
7. Claims of creditors, the amount of which has not been determined, may be accepted at a cost determined by an independent appraiser.
8. After the claims are considered, the liquidator shall enter the claims accepted by him into the List of Accepted Claims, and the claims rejected - into the List of Rejected Claims with an indication of the reasons. Partially rejected claims shall be included in both lists, respectively, in the Acceptance and Rejection parts. Both lists for each creditor shall indicate the name and address, the amount claimed, the availability of security and other information required for the identification of the creditor and the payment of debts.
9. Both lists shall be approved by the liquidator not later than forty-five calendar days from the deadline for accepting claims, about which the liquidator shall publish an update on the approval of the lists of creditors' claims in the republican mass media at least three times, with an interval of fifteen calendar days. Copies of the lists shall be submitted to the National Bank.

10. The creditor shall have the right to get acquainted with the amount of his claim to the bank in liquidation specified in the lists of requirements, and the order of its satisfaction.

The creditors shall have the right to demand from the liquidator information on the financial condition of the bank in liquidation and on the course of the liquidation process.

11. The creditors shall have the right to appeal against the liquidator's decision regarding their claims to the court not later than thirty calendar days from the date of publication of the liquidator's last notice.

12. The lists of creditors' claims approved by the liquidator shall be final if they have not been appealed against in court within the prescribed period.

13. The liquidator shall not make any payments against rejected claims.

Article 118. Creditors' Claim Satisfaction Schedule

1. The approved claims of creditors shall be divided into categories in accordance with the priority of payments and shall be included in the creditors' claim satisfaction schedule.

2. The liquidator shall approve the creditors' claim satisfaction schedule whose claims are approved by the liquidator, provided that the payments in accordance with the compiled list shall not violate the rules and priority of creditors' claims.

3. The amounts included in the creditors' claim satisfaction schedule, which cannot be paid due to the inability to identify creditors and contact them, shall be deposited on a special account of the liquidator, and if these amounts remain unclaimed by the time the liquidation procedure is completed, they shall be deposited on the deposit of the state notary at the location of the bank in liquidation.

4. The liquidator shall publish a notice on the commencement of payments to satisfy the creditors' claims in the republican mass media, which shall offer the said creditors to apply for funds.

Article 119. Rules for the Satisfaction of Creditors' Claims

The liquidator shall distribute the funds received from the sale of the bank's assets, based on the rules established by this article, taking into account other requirements of this Law:

1) Before paying the debt to the creditors of each successive priority, the claims of all creditors of the previous priority should be fully satisfied;

2) When creditors of one priority are satisfied, all creditors of this priority shall be equal and shall have equal rights to payments in proportion to the debt due;

3) If any property shall be the subject of several valid pledges, then the priority between such secured creditors shall be determined in accordance with the requirements of the legislation of the Kyrgyz Republic;

4) In the event of impossibility to sell the assets, the assets may be transferred directly to creditors of the same priority with their consent and with the consent of the court for the full repayment of debts;

5) The claims of secured creditors shall be satisfied out of priority.

Article 120. Secured Creditors' Claims

1. From the moment of commencement of the bank liquidation procedure, all assets of the bank pledged by the holders shall be subject to immediate transfer to the disposal of the liquidator.

2. As part of the property of a bank in liquidation, the property that is the subject of pledge shall be accounted for separately and shall be subject to mandatory appraisal.
3. Claims of secured creditors shall be satisfied at the expense of the value of pledge. If the proceeds from the sale of pledge will be insufficient to repay the amount of the claim in full, then the unsatisfied part of the claim shall be considered as an unsecured claim and shall be subject to satisfaction in priority sequence established by this Law.
4. Three percent of the proceeds from the sale of pledged property shall be directed to cover the administrative expenses of the liquidator.

Article 121. Liquidation Estate

1. All assets of the bank (property and non-property rights) available at the time of the liquidation procedure, and the property revealed during this procedure, shall constitute the liquidation estate, with the exception of the property specified in Part 2 of this article.
2. The liquidation estate shall not include:
 - 1) Property that is the subject of pledge;
 - 2) Property of a customer placed in a safe deposit box;
 - 3) Funds and securities of the bank's customers, accounted separately from the funds of the bank acting as a broker or depository;
 - 4) Non-transferable property rights provided for by the legislation of the Kyrgyz Republic;
 - 5) Expenses for the bank liquidation procedures (administrative expenses);
 - 6) Other property not subject to inclusion in the liquidation estate in accordance with the legislation of the Kyrgyz Republic.

Article 122. Priority of the Satisfaction of Creditors' Claims

1. The creditors' claims shall be satisfied in the following priority:
 - 1) Claims for obligations arising as a result of harm to the life or health of the bank's employees, to whom the bank shall be liable under the legislation, including through the capitalization of the corresponding time-based payments;
 - 2) Claims of bank employees for wages and severance payments in accordance with the labor legislation of the Kyrgyz Republic;
 - 3) Claims of depositors on deposits subject to protection under the Law on the Protection of Bank Deposits. These requirements shall pass to the authorized body for the protection of deposits by virtue of law, which may also submit claims for amounts directed for the purposes of restructuring in accordance with this Law;
 - 4) Claims of depositors not related to the bank, other than those specified in Paragraph 3 of this part;
 - 5) Claims of other creditors not related to the bank;
 - 6) Claims of the Cabinet of Ministers of the Kyrgyz Republic on the amounts allocated for the recapitalization of a systemically important bank, with the exception of the amounts contributed to the authorized capital;
 - 7) Claims for mandatory payments to the budget and off-budget funds;
 - 8) Claims of bank-related depositors and creditors, except for shareholders;
 - 9) Claims for subordinated debts. For the purposes of this article, a subordinated debt shall be understood as unsecured obligation, which must not be repaid ahead of schedule at the request of creditors and the requirements for which shall be repaid last, after satisfaction of all claims from creditors and shareholders, and not before settlements with the bank's shareholders in the event of the bank liquidation.

2. A bank's shareholder shall not be a creditor. The rest of the liquidation estate after satisfaction of the claims of all creditors shall be transferred to the bank's shareholders.

Article 123. Contractual Relations of the Liquidator

1. The liquidator shall have the right to terminate any current bank agreement unilaterally with the obligatory notification of counterparties thirty calendar days before the expected date of termination. At the same time, the liquidator shall also notify the counterparties of the need to submit creditors' claims to the liquidator in accordance with the procedure established by this Law.

2. The execution of agreements not terminated by the liquidator in accordance with Part 1 of this article, as well as agreements concluded by the liquidator himself, shall be carried out in accordance with the civil legislation for the purposes of the bank liquidation procedure.

3. Service providers (electricity, water, communications, security and others) shall not unilaterally terminate service contracts with the bank in connection with the bank liquidation procedure.

Article 124. Finality of Settlements in Payment and Securities Settlement Systems

1. This article shall establish that:

1) Irrevocable instructions for the transfer of funds and securities, transferred by the bank to the payment system or to the securities settlement system, recognized as such by the National Bank, shall have legal force and shall be binding on third parties in the event of initiating the bank liquidation procedure;

2) If the bank shall send irrevocable instructions for the transfer of funds or securities to the payment system or to the securities settlement system after the commencement of the bank liquidation procedure, they shall not have legal force and shall not be binding on third parties only if the liquidator proves that the system operator was aware of the bank liquidation before the transfer instructions became irrevocable.

2. Contracts and transactions concluded under a suspensive condition prior to the bank liquidation procedure cannot lead to the cancellation of the results of clearing made through the payment system or securities settlement system, recognized as such by the National Bank as a result of initiating the bank liquidation.

3. The system operator, participant, settlement intermediary and clearing centre shall take all necessary measures to prevent the transfer of funds or securities to the payment system or to the securities settlement system from the moment they become aware of initiating the bank liquidation procedure.

4. For the purposes of this article:

1) A transfer instruction submitted to a payment system or a securities settlement system becomes irrevocable at the time determined by the rules of that system;

2) "Clearing" shall mean the transformation of claims and obligations arising from transfer instructions presented by one or more participants in the settlement system to one or more other participants in this system or received from them into one net claim or one net obligation of claims, as a result of which there remains only one net claim or one net obligation.

Article 125. Sale of Assets

1. In agreement with the National Bank, the liquidator shall be obliged to submit to the court the list of assets (property) of the bank, including information on the composition and characteristics of the property, the terms of its sale, the form and conditions of public auctions, the form for submitting proposals for the price of property, the initial price of its sale, the forms and terms for publishing and placing advertisements for the sale property for approval within one month after the completion of the inventory and assessment of the bank's assets.

2. After the court approves the list of assets (property) of the bank subject to sale, the liquidator shall proceed to their sale in the manner prescribed by the legislation of the Kyrgyz Republic taking into account the specifics established by this Law.
3. Appraisal of the bank's property shall be carried out in accordance with the procedure established by the legislation of the Kyrgyz Republic.
4. The sale of the bank's immovable property shall be carried out exclusively through an auction. If the auction is declared invalid, a second auction shall be mandatory. If the immovable property shall not be sold at the second auction, the liquidator shall have the right to sell it in another way with the consent of the court.
5. In exceptional cases and subject to the restrictions provided for by the legislation of the Kyrgyz Republic, the sale of assets may be made through a direct sale only with the consent of the court.
6. The liquidator shall be obliged to sell the bank's assets without undue delays at the market price and in the best interests of creditors. This obligation of the liquidator may be subject to change in cases where the assets are unrealizable, have a low price due to insufficient demand, or the costs of alienation exceed the value of the assets, or are unrealizable at the market price for any other reason.
7. The sale of collateral property shall be carried out in accordance with the legislation of the Kyrgyz Republic.
8. Creditors shall have the right to get acquainted with the information on the assessment and sale of the bank's assets.

Article 126. Prohibition of Mutual Settlement and Liquidation Netting

1. In the course of the liquidation procedure, it shall be prohibited to apply the set-off of mutual claims on accounts payable and receivables (mutual settlement), the repayment of creditors' claims by concluding an agreement on compensation and on the novation of obligations.
2. In cases provided for by the legislation of the Kyrgyz Republic, liquidation netting shall be allowed.

Article 127. Final Report and Completion of the Liquidation Procedure

1. After the completion of all activities and performance of duties provided for by this Law, the liquidator shall apply to the court for approval of the final report, liquidation balance sheet and completion of the bank liquidation procedure. In case of voluntary liquidation of the bank, the liquidator, before applying to the National Bank, shall receive the appropriate decision of the general shareholders' meeting of the bank. The structure and content of the final report shall be determined by the National Bank. One original copy of the final report shall be submitted by the liquidator to the National Bank. The court shall approve the final report of the liquidator only after it is approved by the National Bank.
2. The forced liquidation procedure shall be considered completed from the moment the court issues a ruling on the approval of the final report and the completion of the forced bank liquidation procedure. The ruling of the court shall take effect immediately. A copy of the court ruling on the approval of the final report shall be sent by the court to the National Bank.

The voluntary bank liquidation procedure shall be considered completed from the moment the National Bank makes a decision to approve the final report, the liquidation balance sheet and to complete the liquidation procedure.

3. After completion of the bank liquidation procedure, its renewal shall not be allowed.
4. The liquidator, within fifteen calendar days after the entry into force of the court decision (in case of forced liquidation) or the National Bank (in case of voluntary liquidation) on completion of the liquidation procedure, shall close bank accounts, destroy the seals and stamps of the bank in the prescribed manner, submit a court decision or a decision of the National Bank (in case of voluntary liquidation) to the authorized state body to make an entry on the exclusion of the bank from the state register of legal entities, and also send all the documentation of the bank in liquidation for storage to the National Archival Fund of the Kyrgyz Republic, and publish a notice on the completion of the bank liquidation procedure in the republican mass media.

Chapter 18. Proceedings Before a Court for Forced Liquidation of Banks

Article 128. Proceedings for Forced Liquidation of a Bank

1. Proceedings for forced liquidation of banks shall be special proceedings.
2. Proceedings for forced liquidation of banks shall be considered by the court in accordance with the rules provided for by this Law.
3. Proceedings for forced liquidation of banks shall not be subject to suspension, adjournment, referral to an arbitration court and completion by amicable agreement.

Article 129. Admissibility of Cases

Proceedings for forced liquidation of banks shall be considered by the court where the bank is located.

Article 130. Right of Recourse to Courts

1. The National Bank shall have the right to recourse to the court to initiate a procedure for forced liquidation of a bank.
2. The creditor, the bank's shareholder, as well as other interested parties, shall be entitled to initiate the forced liquidation of a bank by submitting an appropriate application to the National Bank.
3. The application submitted to the National Bank by the bank's creditor shall contain a specific requirement that the bank fails to pay its financial obligations upon the due date of their payment, with the application of documentary evidence. The National Bank shall consider the application within ten business days. If the National Bank shall establish the grounds for withdrawing the license, it shall send a reasoned refusal to the creditor.

If the National Bank shall not support the application, the procedure for forced liquidation of a bank may not be initiated by the court.

Article 131. Parties in the Case

I. The parties in the case shall be:

- 1) The National Bank represented by an authorized representative;
- 2) The bank represented by the head of the provisional administration;
- 3) Creditors.

2. If necessary, the court may involve witnesses, experts and specialists, as well as interested persons in the process at the request of the parties.

3. The parties in the case shall enjoy procedural rights and bear the obligations provided for by this Law and the Civil Procedure Code of the Kyrgyz Republic. In addition, the National Bank shall have the rights and bear the liabilities provided for by the Civil Procedure Code of the Kyrgyz Republic in relation to the plaintiff, and bank – in relation to the defendant.

Article 132. Application of the National Bank to a Court on the Initiation of the Forced**Liquidation Procedure**

1. The application of the National Bank on the initiation of the forced liquidation procedure shall indicate:

- 1) Name of the court the application is submitted to;
- 2) Corporate name of a defendant bank, its postal and legal addresses;
- 3) Grounds for the withdrawal of a license, provided for by this Law;
- 4) Other information for the correct resolution of the case;
- 5) List of attached documents.

2. The applicant shall be obliged to send a copy of the application to the respondent bank.

3. The following documents shall be attached to the application:

- 1) Financial statements of the bank certified by the National Bank;
- 2) A copy of the decision of the National Bank on the withdrawal of a license;
- 3) Other necessary documents confirming the validity of the license withdrawal.

Article 133. Acceptance of an Application

1. The court shall be obliged to accept for hearing the application of the National Bank submitted with the compliance of requirements provided for by this chapter.

2. The court shall issue a ruling on accepting the application not later than the next day from the date of submitting the application, which shall be immediately sent to the parties in the case.

3. The ruling on accepting the application shall indicate the listing of a case for trial in the court session, the time and place of its holding.

4. From the moment the court shall accept the application of the National Bank, the execution of all judicial and other enforcement actions related to the payment of debts, seizure of assets and collection of property of the bank shall not be allowed.

5. The ruling on acceptance of the application for trial shall not be subject to appeal.

6. If the court shall accept the application for trial, the counter and/or independent claims of any persons on appealing or revising the decisions of the National Bank that have entered into force in accordance with this Law shall not be subject to consideration.

Article 134. Return of an Application

1. The court shall return an application only in the following cases:

- 1) If the requirements for submitting an application established by this Law shall not be met;
- 2) If the applicant renounced the application prior to the issuance of a ruling on the acceptance of the application for trial.

2. The judge shall issue a ruling on the return of the application within two days and send it to the parties in the case not later than the next day from the date of its issuance.

3. The return of the application shall not prevent to recourse to the court again after the violations have been eliminated.

Article 135. Time for Consideration of the Case on the Merits

The decision on the results of consideration of the National Bank's application to initiate the forced liquidation procedure shall be made by the court not later than five calendar days from the date of the ruling on accepting the case for trial. In exceptional cases, the specified period may be extended by a reasoned ruling of the court, but not more than for five calendar days.

Article 136. Ground for the Initiation of Proceedings for the Forced Liquidation of a Bank

The court shall initiate proceedings for the forced liquidation of a bank on the basis of the National Bank's decision to withdraw a license and/or establish the insolvency of the bank.

Article 137. Court Decision

1. The court in the case shall make a decision on the initiation of proceedings for the forced liquidation of a bank, the commencement of the forced liquidation procedure and the appointment of a liquidator.
2. The court decision shall enter into force immediately after the date, on which it was made.
3. The court decision can be appealed in a higher court within a five-days period from the date, on which it was made.

Article 138. Court Ruling

1. The court shall issue the following rulings in the case:
 - 1) On accepting the application for trial and preparing the case for hearing;
 - 2) On returning the application;
 - 3) On establishing remuneration to the liquidator in accordance with this Law;
 - 4) On determining the performance or prohibition of actions by the liquidator within the framework of the forced liquidation procedure;
 - 5) On approving the final report of the liquidator;
 - 6) Other definitions for the purposes of this Law.
2. Within the framework of the proceedings of the forced liquidation of a bank, the application of the National Bank shall not be left without consideration.

Article 139. Proceedings Before a Court of Appeal and Cassation

1. The decision of the court of first instance may be appealed to the court of appeal and cassation.
2. The act of the court of appeal for the consideration of the petition of appeal shall be issued not later than ten calendar days from the date of its receipt together with the case in a court.
3. The court of appeal shall take the following decisions:
 - 1) On leaving the decision of the court of first instance unchanged. and the complaint - not satisfied;

2) On the annulment of decisions of the court of first instance and of the court of appeal and (or) the adoption of a new decision on the merits.

Cancellation of the court of first instance's decision and sending the case for a new trial shall not be allowed. The decision of the court of appeal shall come into force from the moment of its adoption and can be appealed by way of cassation within five days from the date of its adoption.

4. The act of the court of cassation on the consideration of the petition of cassation shall be issued within a period not later than twenty calendar days from the date of its receipt together with the case to the Supreme Court of the Kyrgyz Republic.

5. Supreme Court of the Kyrgyz Republic shall adopt the following rulings:

1) On the refusal to satisfy the petition of cassation and leaving the decisions of the courts of the first instance and (or) of appeal in force;

2) On the cancellation of decisions of the court of first instance and of the court of appeal and (or) the adoption of a new decision on the merits.

Cancellation of decisions of courts of lower instances and sending a case for new consideration shall not be allowed. The decision of the Supreme Court of the Republic shall enter into force from the moment of its adoption and shall not be subject to appeal.

6. When accepting a petition of cassation for trial, the court of the Kyrgyz Republic shall have the right to issue a ruling on prohibition of the liquidator from taking any actions related to the alienation of the assets of the debtor bank until the consideration of a petition of cassation.

Article 140. Consideration of Applications within the Proceedings for Forced Liquidation of

a Bank

Applications of the liquidator and the National Bank on violations established by this Law shall be considered by the court in the course of the forced liquidation of a bank as part of proceedings for the forced bank liquidation not later than within ten days from the receipt of such applications.

Article 141. Court Ruling on the Completion of the Proceedings on Forced Liquidation of a

Bank

1. The court shall issue a ruling on the completion of the forced liquidation of a bank in case of approving the final report of the liquidator.

2. If the final report of the liquidator shall not be approved by the court, the forced liquidation of a bank cannot be considered completed.

3. The court ruling on the completion of the forced liquidation of a bank shall be the basis for the exclusion of the bank from the state register as a legal entity.

SECTION VIII

CONCLUDING PROVISIONS

Chapter 19. Concluding Provisions

Article 142. Liability for Violation of the Provisions of this Law

Banks and other persons supervised by the National Bank, their officials, state bodies and civil servants, as well as other individuals and other legal entities, including non-residents, shall be liable for the violation of the provisions of this Law in accordance with the legislation of the Kyrgyz Republic.

Article 143. Concluding Provisions

1. This Law shall enter into force on the day of its official publication.
2. The Cabinet of Ministers of the Kyrgyz Republic and the National Bank shall within a six-month period from the date of entering this Law into force:
 - 1) Prepare and put forward proposals on bringing the regulatory acts in line with this Law to the Jogorku Kenesh of the Kyrgyz Republic in the established order;
 - 2) Accept regulatory legal acts ensuring the execution of this Law.

**The President
of the Kyrgyz Republic**

**S.N.
Zhaparov**

Bishkek

August 11, 2022

No.93