

27 May 2015

To our clients and friends

INFORMATION MEMORANDUM

Concerning Toughening of the Foreign Currency Purchase Procedure for Kazakh Legal Entities

The Decree No. 32 of the Board of the RK National Bank "On Introduction of Amendments into the Decree No. 154 of the Board of the RK National Bank 'On Approval of the Rules for Performing Currency Operations in the Republic of Kazakhstan' of 28 April 2012" dated 16 March 2015 (hereinafter, the "Decree No. 32") was published on 30 April 2015 and enacted on 11 May 2015.

The amendments introduced by the Decree No. 32 have mostly affected the procedure for the sale and purchase of foreign currency. The revised Chapter 3 of the Rules for Performing Currency Operations sets forth that [the new currency legislation requirements are in **bold**]:

- legal entities (both resident and non-resident), except for authorized banks and authorized organizations, shall buy and sell foreign currency on the domestic currency market through authorized banks based on foreign currency sale or purchase requests;
- a resident legal entity, other than an authorized bank or authorized organization, shall specify the purpose of the purchase and the **amount of foreign currency** when executing a foreign currency purchase request through the authorized bank;
- **if purchasing a foreign currency for the national currency (tenge) in the amount exceeding the equivalent of one hundred thousand (100,000) US dollars, the resident legal entity, other than an authorized bank or an authorized organization, shall attach to the request a copy of the currency contract whereunder the foreign currency is being purchased and/or other documents confirming the purpose of the purchase and the amount of foreign currency;**
- **when performing the request for the purchase of foreign currency for tenge in the amount exceeding the equivalent of one hundred thousand (100,000) US dollars, the authorized bank shall verify the purpose of purchase and the amount of foreign currency specified in the request against the currency contract and/or other documents confirming the purpose of the purchase and the amount of foreign currency.**

The legislation does not regulate the issue of whether the bank has the right to deny the purchase of foreign currency, if the purpose and amount of the operation specified in the request are not supported by the submitted documents.

It should be mentioned specifically that the provision saying that the purpose of foreign currency purchase specified in the request does not preclude the legal entity from using the purchased foreign currency for other purposes has been excluded from the previously effective Chapter 3 of the Rules. In this connection, the issue of whether the inappropriate use of foreign currency would give rise to any legal implications requires further analysis.

Best regards, AEQUITAS

