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Amendments to the legislation of Kazakhstan on corporate matters

On 2 July 2018, the Law of the Republic of Kazakhstan No. 166-VI "On Amendments to Certain Legislative Acts of the Republic of Kazakhstan on Insurance and Insurance Activities, Securities Market" was adopted. Among other things, this legislative act has amended the Law of the Republic of Kazakhstan dated 13 May 2003 No. 415-II "On Joint Stock Companies" (the **"JSC Law"**).

The amendments were put into action on 1 January 2019. The most important of them, in our view, are provided below:

1. If earlier a joint stock company (a "**JSC**") was obliged to publish certain information *(written notice to creditors on reorganization, information on corporate events, etc.)* in mass media, now it is enough to ensure the publication of such information on the website of the Depository of Financial Statements.

2. All functions previously assigned by the JSC Law to the Integrated Securities Registrar have been transferred to the Central Securities Depository *(On 1 January 2019, Integrated Securities Registrar JSC was acquired by Central Securities Depository JSC).*

3. The reporting period for the submission of a JSC's report on the placement of its shares in the National Bank has been increased from 6 to 12 months. The term after the end of the reporting period during which a JSC must submit a report to the National Bank has also been increased from 30 to 45 business days. In addition, now if during the reporting period shares have not been placed, the report on the results of the placement of shares for such reporting period is not provided to the National Bank.

4. Significant changes have been made to Article 25 of the JSC Law. First, now a potential acquirer of 30% or more voting shares of JSC *(alone or together with affiliates)* is obliged to send a notification of its intention only to the JSC itself *(the requirement to notify the National Bank has been excluded).* Second, an acquirer of 30% or more voting shares of JSC (alone or together with affiliates) is no longer obliged to publish a mandatory offer to other shareholders to sell their shares in mass media but must send such proposal to the JSC itself. The JSC, in turn, has to publish such proposal on the website of the Depository of Financial Statements. Third, another sanction is included for violating of any requirement of Article 25 of the JSC Law: the acquirer has no right to influence the management or policy of the JSC, and/or vote at the General Meeting of Shareholders until it disposes a part of the shares exceeding 29% of voting shares of the JSC.

5. The JSC Law has been supplemented by Article 25-1. Now a person who has acquired *(alone or together with affiliates)* 95% or more of the voting shares *(or a different number of voting shares, but not less than 10% of the voting shares, as a result of which the person owns 95% or more of the voting shares (alone or together with affiliates)*, within 60 business days after the date of acquisition, has the right to require other shareholders to sell their voting shares in the JSC.

Best regards,
Corporate Law and Labour Law Department,
GRATA International Law Firm

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