

# LAW OF THE KYRGYZ REPUBLIC

*Bishkek city, dated 7<sup>th</sup> May 2008 No. 78*

## On Protection of Bank Deposits

*(In redactions of Laws of KR dated April 29, 2009, No. 139 , March 3, 2010 , No. 42 , July 4, 2013, No. 113 , July 14, 2015, No. 162 , July 25, 2016, No. 138 , December 16, 2016, No. 207 , August 6 2018 No. 88 , August 8, 2019 No. 114 , May 23, 2023 No. 107 , December 14, 2023 No. 207)*

This Law is part of the banking legislation of the Kyrgyz Republic and is aimed at creating legal norms of the system of obligatory protection of deposits (deposits) of individuals in banks, microfinance companies and housing and savings credit companies of the Kyrgyz Republic. The deposit protection system is aimed at protecting depositors of banks, microfinance companies and housing-savings credit companies in the event of a guarantee case by providing compensation in the amount and in the ways provided for in this Law, as well as promoting the stability of the banking system as a whole. In this Law, the legal foundations of the formation, administration and financing of the deposit protection system, creation and implementation of the activities of the independent Deposit Protection Agency of the Kyrgyz Republic are determined.

*(As amended of Laws of the Kyrgyz Republic from August 8, 2019 No.114 , December 14, 2023 No.207 )*

### Chapter 1 General Provisions

#### Article 1. Relationships regulated by this Law

1. This Law regulates the relationship between the creation and functioning of the system of mandatory protection of deposits (deposits), housing savings deposits (deposits) (hereinafter - deposits) of depositors in banks, microfinance companies of the Kyrgyz Republic and housing savings credit companies (hereinafter - the system deposit protection), the formation and use of the Deposit Protection Fund, the payment of deposit compensation in the event of guarantee cases, as well as relations between the Deposit Protection Agency, commercial banks, microfinance companies, housing and savings credit companies, the National Bank, state authorities and other relations, arising in this area.

2. This Law does not apply to other ways of protecting deposits of physical persons to ensure their return.

3. The effect of this Law extends to banks, microfinance companies, and housing-savings credit companies in part of the performance of the Deposit Protection Agency's function of paying deposit compensation. The provisions of this Law apply to other financial and credit organizations only in the cases provided for by this Law.

To banks and microfinance companies operating under the Islamic principles of banking and financing, the norms of this Law apply taking into account the specifics and features provided by the normative legal acts of the Kyrgyz Republic, regulating the Islamic principles of banking and financing.

4. Relations arising in connection with the creation and functioning of the deposit protection system are governed by this Law and the normative legal acts of the Kyrgyz Republic.

*(As amended by the Laws of the Kyrgyz Republic from 25 July 2016 No. 138 , 8 August 2019 No. 114 , 14 December 2023 No. 207 )*

#### Article 2. Concepts used in this Act

For the purposes of this Law, the following concepts are used:

**Bank** - the resident bank of the Kyrgyz Republic, as well as a branch of a foreign bank, created in accordance with the legislation of the Kyrgyz Republic and subject to a license (having a license) by the National Bank for the right to conduct banking operations.

**Bank participant** - a bank included in the bank register in accordance with this Law.

**Agent bank** - bank selected by the Deposit Protection Agency to pay compensation to depositors in accordance with the requirements of this Act.

**Islamic principles of banking and financing** - principles and rules of implementation of banking operations and transactions in accordance with Sharia standards.

**Housing and savings credit company** - a non-banking financial and credit organization that has a National Bank license for the right to carry out separate banking operations, the activity of which is aimed at accumulating depositors' money in housing savings deposits (deposits) and providing its depositors with loans for individual construction and purchase of housing домов (apartment) or for improving housing conditions, including within the framework of state housing programs.

Housing and savings credit company - participant - a housing and savings credit company included in the register of housing and savings credit companies in accordance with this Law.

**Microfinance company** - a specialized financial and credit organization, created in the form of a joint-stock company, which received a license from the National Bank and provides microcredit to legal and physical persons and other types of operations, including attracting time deposits from physical and legal persons.

**Microfinance company- Participant-** a microfinance company included in the register of microfinance companies in accordance with this Law.

**Compensation for the deposit** - the monetary amount to be paid to the depositor in accordance with the present law when the warranty case occurs.

**Deposit (deposit)** is the amount of money received by the bank, microfinance company, having the corresponding license of the National Bank, from the depositor, as well as the amount of money placed on the settlement or deposit account of the individual entrepreneur, on the conditions of return (regardless of what these conditions imply full or partial return or return of a larger sum). Electronic money issued by the bank, whose holders are individuals and individual entrepreneurs, is also understood under the deposit.

**Housing savings deposit (deposit)** - the amount of money in national currency, deposited by depositors of the housing savings credit company into the account of the housing savings credit company and aimed at improving the housing conditions of the depositor of the housing savings credit company (hereinafter also referred to as the deposit in this Law) .

**Deposit base** - the sum of money placed in a bank or microfinance company on the deposit accounts of legal and physical persons in the form of deposits, and for a housing and savings credit company - the total sum of deposits placed on its depositors' accounts. Electronic money issued by the bank, whose holders are individuals and individual entrepreneurs, is also included in the deposit base.

**Depositor** - a natural person who deposited in a bank, a microfinance company or a housing savings credit company, and an individual entrepreneur, carrying out individual business activities without the formation of a legal entity, who placed his money in bank accounts or in the accounts of a microfinance company in connection со своей делатьянью.

At the same time, the depositor of the housing-savings credit company deposits money into the account of the housing-savings credit company to obtain a loan for individual construction, the purchase of a residential house (apartment) or the improvement of housing conditions.

Investors are also understood to be individuals and individual entrepreneurs who are holders of electronic money issued by banks.

**Contributions** - monetary funds directed to the formation of the deposit protection fund in the order and form specified by this Law, in the form of introductory, initial, calendar and extraordinary contributions.

**Protection of deposits (deposit protection system)** - circle of legal relations, regulated by this Law.

**Entry fee** - money sent by newly created banks, microfinance companies, housing and savings credit companies, for entering the deposit protection system in accordance with this Law.

**Initial contribution** - monetary funds, directed by operating banks after the entry into force of this Law, for the formation of the Deposit Protection Fund in the amount, form and terms determined by this Law.

**Calendar contributions** - monetary funds sent quarterly by participating banks, participating microfinance companies and participating housing and savings credit companies to the Deposit Protection Fund in accordance with this Law.

**Emergency contribution** - monetary funds directed by participating banks, participating microfinance companies and participating housing and savings credit companies to the Deposit Protection Fund, in addition to calendar contributions, in case of insufficient funds to cover obligations, in accordance with the requirements of this Law.

**Newly established bank** - bank created in accordance with the current legislation of the Kyrgyz Republic after the entry into force of this Law in accordance with part 1 of article 43 of this Law.

**Newly established microfinance company** - microfinance company, established according to the current legislation of the Kyrgyz Republic, attracting deposits.

**Effective bank** - a bank that has a license from the National Bank for the implementation of banking operations on the date of entry into force of this Law (hereinafter - the bank).

**Guaranteed deposit** - money placed on the deposit account of the depositor in the participating bank or in the participating microfinance company or in the participating housing and savings credit company and subject to compensation in the event of a guarantee event in accordance with the requirements of this Law.

The guaranteed deposit also includes electronic money issued by the bank, the holders of which are individuals and individual entrepreneurs.

**Register of banks** - list of bank-members of the deposit protection system.

**Register of microfinance companies** - list of microfinance companies-members of the deposit protection system.

**Register of housing and savings credit company** - list of housing and savings credit companies-members of the deposit protection system.

**Guarantee case** - withdrawal by the National Bank of a license from a bank, microfinance company or housing-savings credit company in accordance with the Law of the Kyrgyz Republic "On Banks and Banking Activities" and legislation in the sphere of regulating the activities of housing-savings credit companies.

**Persons connected with the bank, with the microfinance company and the housing-savings credit company** - according to the definition established in the Law of the Kyrgyz Republic "On banks and banking activities" and legislation in the sphere of regulating the activities of housing-savings credit companies.

**National Bank of the Kyrgyz Republic - National (Central) Bank of the Kyrgyz Republic (hereinafter referred to as the National Bank).**

**Deposit protection fund** - the fund created for the contributions specified in this Law, and managed by the Deposit Protection Agency on the conditions and in the manner prescribed by this Law.

**Close relatives** - relatives according to the first and second tier of heirs according to civil law.

**Overdue loans and guarantees** - credits or guarantees and obligations equivalent to them in accordance with the normative legal acts of the National Bank, the execution of which is overdue for 5 or more days.

**The target value of the Deposit Protection Fund** - established by this Law is the value of the Deposit Protection Fund adequacy indicator, which is calculated as the ratio of the funds of the Deposit Protection Fund to the total amount of guaranteed deposits of participating banks and participating microfinance companies, participating housing and savings credit companies.

**Financial and credit organization** - a microfinance company that attracts deposits, a credit union that attracts deposits (deposits) from members of a credit union, and a housing and savings credit company. This concept is given for the purposes of determining the circle of legal entities where the Deposit Protection Agency can act as liquidator according to the norms of this Law.

**Corporate Secretary** is an employee of the Deposit Protection Agency who prepares minutes of the Board of Directors, monitors the implementation of their decisions, facilitates proper corporate interaction between management bodies and other powers determined by the Board of Directors. Combining the

independent position of a corporate secretary with the performance of other duties at the Deposit Protection Agency is permitted only with the consent of the Board of Directors.

**Risk management service/risk manager** - structural division/employee of the Deposit Protection Agency, which is responsible for the daily activity of risk management.

*(As amended by the Laws of the Kyrgyz Republic dated July 14, 2015 No. 162, July 25, 2016 No.138, December 16, 2016 No. 207, August 8, 2019 No.114, December 14, 2023 No. 207)*

### **Article 3. Creation, basic task and activity of the Deposit Protection Agency**

1. The Deposit Protection Agency (hereinafter referred to as the Agency) is a legal entity with an independent organizational and legal form - the Deposit Protection Agency, created by the Cabinet of Ministers of the Kyrgyz Republic (hereinafter referred to as the Cabinet of Ministers) in accordance with this Law. The Agency is an independent non-profit organization, not pursuing the goal of making profit, endowed with the powers, rights and responsibilities established in this Law. The independence of the Agency, for the purposes of this Law, means independence in making decisions and forming the Agency's budget.

See:

*order of the President of the KR from July 3, 2008 RP N 149 (On the establishment of the Deposit Protection Agency of the Kyrgyz Republic);*

*Decree of the Government of the Kyrgyz Republic of September 21, 2011 No. 567*

2. The legal status of the Agency is determined by this Law.

3. The main tasks of the Agency are the provision of an effective deposit protection system in the Kyrgyz Republic, the performance of the functions of the liquidator of banks and financial and credit organizations, and also consideration of the appeals of problem borrowers.

4. The Agency has the right to create representative offices and appoint its representatives in the regions of the Kyrgyz Republic.

5. The Kyrgyz Republic is not responsible for the Agency's obligations, except for the cases provided for in this Law.

6. The National Bank is not liable for the Agency's obligations.

7. The Agency is not responsible for the obligations of the Kyrgyz Republic and the National Bank.

8. Government bodies and local self-government bodies have no right to intervene in the activities of the Agency.

9. The Agency is not responsible for the liabilities of banks and financial-credit organizations, not related to its direct functions as a liquidator during the liquidation procedure.

*(As amended by the KR Law dated 14 December 2023 N 207 )*

## **Chapter 2**

### **Scope of the deposit protection system**

#### **Article 4. Deposits subject to protection in accordance with this Law**

1. In accordance with this Law, when the warranty case occurs, compensation is paid to each depositor no more than 1000000 (one million) soms in total, including interest on deposits.

2. The amount to be paid to the depositor in accordance with part 1 of this article is reduced by the amount of overdue loans issued to the depositor and overdue guarantees presented by the bank or microfinance company at the request of the depositor, if there are no disputes or legal proceedings regarding these overdue loans and guarantees .

3. Interests charged on deposits, but not paid and not capitalized, are calculated on the date of occurrence of the guarantee case. The calculation of such percentages is carried out at the rate specified in the bank deposit agreement, in the microfinance company deposit agreement, and also in the housing-savings credit company deposit agreement, but it cannot be higher than the National Bank rate on the date of the guarantee event.

4. When determining the amount subject to compensation to any depositor in accordance with this Law, the Agency, together with the temporary administrator/liquidator, determines the total amount of the

depositor's deposits in this bank, as well as the depositor's deposits in this microfinance company and in this housing savings credit company .

In the event that the Agency acts as the liquidator of the bank and/or financial credit organization, it independently determines the total sum of the depositor's available deposits.

5. In the event of a guarantee event in relation to several participating banks, participating microfinance companies, participating housing and savings credit companies, in which the depositor has a deposit, the depositor has the right to receive compensation from each bank, microfinance company and housing and savings credit company separate companies. In the case of reorganization of banks, microfinance companies, housing and savings credit companies in the form of a merger or merger, deposits are considered guaranteed separately for each reorganized bank, microfinance company, housing and savings credit company within 6 months from the date of his/her reorganization.

6. The sums of deposits accepted in foreign currency are paid to the depositor in national currency at the rate established by the National Bank on the day of the guarantee event. In the absence of quotations (accounting rate) of the National Bank for any currency, the average rate for this currency is determined through the cross-course on the date of occurrence of the guarantee case.

7. If, on the basis of the contract, the deposit is made in the name of several physical persons (joint deposit), each of these persons is the depositor in the share in which it is stated in the agreement (contract) on opening the account, and in the absence of contractual conditions or corresponding rules in the legislation of the Kyrgyz Republic - in equal shares.

8. In the event that in the course of the implementation by the bank of part 2 of Article 107 of the Law of the Kyrgyz Republic "On Banks and Banking Activities" the procedure of compulsory liquidation has been initiated in respect of the bank, the compensation shall not be made, if the amount paid during the period from the day of the adoption by the general meeting of shareholders of the bank of a voluntary liquidation (self-liquidation) until the beginning of the compulsory liquidation procedure of the bank exceeds the sum established in part 1 of this article. The effect of this part also extends to microfinance companies that attract deposits, and housing and savings credit companies.

Compensation is not made if the amount of money paid to the depositor from the funds of a bank or a microfinance company that attracts deposits, and a housing-savings credit company in the period from the day the license is revoked and before the start of the compulsory liquidation procedure, exceeds the amount established in part 1 of this article.

9. The obligations of liquidated banks or microfinance companies or housing and savings credit companies to the depositor are reduced to the amount of payments made by the Agency in accordance with this Law.

10. In the event that the legal representative has the right to dispose of the deposit of a minor or beneficiary specified in the bank deposit agreement, in the microfinance company deposit agreement or in the housing savings credit company deposit agreement, compensation is paid to the legal representative.

*(As amended by the Laws of the Kyrgyz Republic dated April 29, 2009 No. 139, July 14, 2015 No. 162, July 25, 2016 No. 138, December 16, 2016 No. 207, August 8, 2019 No. 114, May 23, 2023 No. 107, December 14, 2023 No. 207)*

#### **Article 5. Deposits not subject to protection**

The following deposits by natural persons are not subject to compensation in accordance with the requirements of this Law:

1) deposits connected with the bank, with the microfinance company and with the housing and savings credit company;

2) deposits of persons who, during the last 3 years, were foreign consultants or external auditors of a bank, microfinance company, housing and savings credit company;

3) deposits of persons, placed on behalf of a legal entity;

4) deposits, in respect of which there are restrictions or an arrest imposed in accordance with the laws of the Kyrgyz Republic " On banks and banking activities ", " On microfinance organizations in the Kyrgyz Republic " and legislation in the sphere of regulation of the activities of housing-savings credit companies;

5) deposits in branches of the resident bank, and in branches of the resident microfinance company located outside the Kyrgyz Republic.

*(As amended by the Laws of the Kyrgyz Republic dated August 8, 2019 No. 114, December 14, 2023 No. 207)*

### **Chapter 3**

#### **Compensation of deposits**

##### **Article 6. Interaction of the Agency, Bank, Microfinance Company and Housing Savings Credit Company in the event of a guarantee case**

*(Names of articles in the editions of the Law of the KR from August 8, 2019 year No. 114)*

1. Within 10 calendar days after the occurrence of the warranty case, the temporary administrator/liquidator is obliged to provide the Agency with information about the depositors to whom this Law applies, in the form established by the Agency.

The temporary administrator/liquidator bears the responsibility established by law for the untimely provision of information about deposits to the Agency.

If the Agency acts as the liquidator of a bank and/or financial credit organization, it independently forms information about depositors covered by this Law within 10 calendar days after the occurrence of the guarantee case, in the form established by the Agency.

2. The Agency is obliged not less than twice a month to notify the liquidator of the liquidated bank, microfinance company or housing and savings credit company in writing about the compensation sums paid. The notification form is established by the Agency.

If the Agency acts as the liquidator of a bank and/or financial-credit organization, it independently forms information about paid compensation amounts for reporting at least twice a month.

Information about paid compensation sums is provided for consideration by the Board of Directors no less than once a month.

3. The branch of a foreign bank is obliged to notify the National Bank and the Agency within one working day of the occurrence of a guarantee case (or a similar case, as defined by the legislation of the foreign state), initiated by a court or authorized body of the country of registration of the foreign bank in relation to this bank or any of its to the foreign branch, in accordance with the legislation of the country of registration of the foreign bank.

*(As amended by the Laws of the Kyrgyz Republic dated July 14, 2015 No. 162, December 16, 2016 No. 207, August 8, 2019 No. 114, December 14, 2023 No. 207)*

##### **Article 7. Procedure for the implementation of compensatory payments**

1. The Agency pays compensation to depositors in accordance with this Law, using any of the following options:

1) transfer of compensation payments to the agent bank(s);;

2) other acceptable methods by using cash or non-cash payment forms for effective compensation of deposits (deposits) in accordance with the purposes of this Law.

2. Payment of compensation must begin within 30 calendar days after the guarantee event occurs.

If there are circumstances preventing the timely payment of compensation, and with the approval of the Board of Directors of the Agency, the payment of compensation can be extended up to 30 calendar days.

3. At the request of the Agency, the National Bank has the right to write off the money of the bank, to which the license was returned by court decision, in favor of the Agency in the amount of the compensation paid.

The Bank, upon the application of the Agency, has the right to write off the money of the microfinance company or the housing-savings credit company, which has received a license by court decision, in favor of the Agency in the amount of the compensation paid.

4. Compensation payments on the deposit(s) are suspended by the Agency against the owner(s) of which a criminal case has been initiated on the fact of financing terrorist activity and/or legalization (laundering) of criminal income until the criminal case is terminated or the court renders a final decision.

5. Not later than 7 calendar days before the start of the compensation procedure, the Agency is obliged to publish on the Agency's official website and in the media in the state and official languages information about the legal address, location of the bank-agent, date, time, and form и оредней производительный компенсационных папаты. This information must also be placed in the state and official languages when entering the building of the central (head) office of the bank-agent and bank-bankrupt, microfinance company-bankrupt, housing-savings credit company-bankrupt, including their branches, savings banks, representative offices and ATMs.

6. To implement compensation payments to depositors of banks, microfinance companies and housing-savings credit companies in accordance with part 1 of this article, the Agency selects one or several bank-agents who must meet the following requirements:

1) the bank must be a bank-participant in the deposit deposit system;

2) must have capital adequacy and own capital adequacy, meeting the requirements of the National Bank;

3) in the course of the last 6 months until the date of the warranty case, no measures of influence have been applied to him, provided by the Law of the Kyrgyz Republic "On banks and banking activities", with the exception of the provisions;

4) to have a branch network comparable to the geographical structure of deposits for compensatory payments.

7. On the funds transferred by the Agency to the bank-agent, the calculation of interest and their payment are not produced. The depositor is entitled to conclude a bank deposit agreement with the bank-agent on the conditions stipulated by the legislation of the Kyrgyz Republic.

8. The National Bank shall adopt normative legal acts establishing additional requirements for the selection of the bank-agent.

9. The bank-agent is obliged to provide weekly reports to the Agency on the compensation sums paid in the form established by the Cabinet of Ministers.

10. The procedure for selecting an agent bank and issuing requirements in accordance with parts 5, 6 and 8 of this article is approved by the Cabinet of Ministers. Payment of compensation to depositors is carried out in accordance with the terms of the agreement between the Agency and the agent bank.

11. The bank-agent is obliged to issue to the depositor a statement of the compensation due to him at the time of the compensation payment. The form of the extract is established by the Cabinet of Ministers.

12. At the end of one year after the date of the start of compensation payments, the bank-agent is obliged to return the unclaimed and unpaid funds of the depositors to the Agency within 3 working days. Such funds are placed on a separate account of the Agency in the National Bank.

13. Further payment of unclaimed and unpaid compensation funds and provision of information about them are carried out by the Agency in the manner established by part 1 of this article.

14. The Agency does not charge interest on deposits for which a warranty case has occurred.

15. In the case of the late start of compensatory payments, determined in accordance with part 2 of this article, the Agency shall pay the depositor a penalty equal to the annual rate set by the National Bank for each day of delay in the amount to be paid.

16. When a dispute arises about the size (sums) of compensation payments, the Agency considers the depositor's appeal within 15 days. In case of non-resolution of this dispute, the investor has the right to challenge the Agency's decision in court. At the same time, the bank-agent informs the depositor about the procedure for turning to the Agency with the provision of necessary documents.

17. The Agency regularly tests the readiness of participants in the deposit protection system for the occurrence of a guarantee event.

*(As amended by the Laws of the Kyrgyz Republic of July 14, 2015 No. 162, December 16, 2016 No. 207, August 6, 2018 No. 88, August 8, 2019 No. 114, December 14, 2023 No. 207)*

## **Article 8. Transfer of rights**

1. The Agency acts as a creditor in relation to the bank, the microfinance company and the housing-savings credit company, in respect of which the compulsory liquidation procedure has been initiated in accordance with the Law of the Kyrgyz Republic "On Banks and Banking Activities" and the legislation in the sphere of housing activity regulation savings credit companies.

2. On the date of the occurrence of the guarantee case, the right of the depositor to the bank, to the microfinance company and to the housing-savings credit company within the limits of the guarantee amount, in respect of which the guarantee case has occurred, automatically transfers to the Agency, regardless of the time of payment and the amount actually paid by the Agency to the depositor .

3. The requirements of the Agency for the sums of guaranteed deposits are satisfied in accordance with the procedure established by the Law of the Kyrgyz Republic "On banks and banking activities".

4. The depositor does not lose the right to satisfy his claims to the bank, to the microfinance company and to the housing savings credit company, respectively, in excess of the sums subject to compensation under this Law, established in the bank deposit agreement, in the microfinance company deposit agreement and in the housing deposit agreement savings credit company. These requirements are met in accordance with the Law of the Kyrgyz Republic "About banks and banking activities" with regard to part 3 of this article.

*(As amended by the Laws of the Kyrgyz Republic of July 14, 2015 No. 162, December 16, 2016 No. 207, August 8, 2019 No. 114, December 14, 2023 No. 207)*

## **Chapter 4 Functions and powers of deposit protection agencies**

### **Article 9. Functions of the Deposit Protection Agency**

The deposit protection agency carries out the following functions:

- 1) maintain registers of member banks, member microfinance companies and member housing and savings credit companies;
- 2) implement accounting of depositors' requirements, sums subject to payment, and sums of paid compensations on deposits;
- 3) pay the depositors subject to the present Law the sum determined by the present Law;
- 4) calculate the size of contributions and collects contributions to the Deposit Protection Fund;
- 5) conduct necessary actions aimed at ensuring timely and full payment of contributions;
- 6) establish and imposes fines and penalties for late payment of fees;
- 7) manage the assets of the Deposit Protection Fund in the order and within the limits established by this Law;
- 8) interact with state bodies and other organizations;
- 9) select the bank-agent to ensure payment of compensation for deposits;
- 10) ensure reimbursement of compensations paid to the deposit protection fund with liquidated banks, microfinance companies and housing and savings credit companies under this Law;
- 11) conduct events to increase public awareness of the deposit protection system;
- 12) act as liquidator of banks and financial-credit organizations under the established legislation;
- 13) in the order determined by the Cabinet of Ministers, review the appeals of problem borrowers of banks and other financial and credit organizations licensed by the National Bank;

See:

*(Order of the Chairman of the Cabinet of Ministers of the Kyrgyz Republic dated 22 February 2024 No. 88 (On submission for consideration of the Cabinet of Ministers of the Kyrgyz Republic of the draft Regulations governing the procedure for consideration of appeals of problem borrowers of banks and other financial and credit institutions licensed by the National Bank of the Kyrgyz Republic)*

14) carries out other functions, powers, and rights necessary to ensure the effective operation of the mandatory deposit protection system, for the liquidation of banks and financial-credit organizations, as well



as for considering the appeals of problem borrowers, provided for by the regulation approved by the Cabinet of Ministers.

*(As amended by the Laws of the Kyrgyz Republic of July 14, 2015 No. 162, August 8, 2019 No. 114, December 14, 2023 No. 207)*

#### **Article 10. Powers of the Deposit Protection Agency**

1. The Agency develops normative acts necessary to fulfill the provisions of this Law, which is approved by the Cabinet of Ministers.

2. The Agency shall have the right to enter into agreements and contracts necessary for the performance of its activities.

3. If necessary, the Agency engages state bodies and independent experts to fulfill the tasks established by this Law.

4. The Agency has the right to:

1) apply to the National Bank with a proposal to apply to banks, microfinance companies, and housing-savings credit companies the corresponding measures of influence, provided by the laws of the Kyrgyz Republic " About banks and banking activities ", " About microfinance organizations in the Kyrgyz Republic " and legislation in the sphere of regulation продукты жилищно-берегательных кредитных компании;

2) contact the National Bank for the information necessary to fulfill the tasks defined by this Law;

3) require banks, microfinance companies and housing savings credit companies to post information about the deposit protection system and the participation of the bank, microfinance company and housing savings credit company in the deposit protection system in the territory where the bank, microfinance company and housing savings credit company provide services depositors in the form and order specified by this Law;

4) *(out of force in accordance with the Law of the Kyrgyz Republic dated December 16, 2016 No. 207)*

4-1) apply to the National Bank for assistance in considering the applications of problematic borrowers;

5) together with the National Bank and in accordance with the procedure agreed with the National Bank, to participate in the process of settling the problems of the bank, the microfinance company, and the housing-savings credit company at an early stage on the issues of establishing the compliance of keeping information on deposits (deposits) with certain requirements, the volume and the structure of obligations of banks, microfinance companies and housing and savings credit companies to depositors, payment of contributions to the Deposit Protection Fund, as well as performance by banks, microfinance companies and housing and savings credit companies of other obligations established by this Law;

6) in accordance with the Law of the Kyrgyz Republic "On banks and banking activities" on general grounds to participate as an applicant in the selection of candidates for the implementation of bank liquidator functions.

5. The Agency may not engage in activities that go beyond its tasks, functions and powers specified in Articles 3 , 9 and 10 of this Law, create or be a member of legal entities, and also acquire immovable and movable property, with the exception of property related to we provide services to the Agency.

*(As amended by the Laws of the Kyrgyz Republic of July 14, 2015 No. 162, December 16, 2016 No. 207, August 8, 2019 No. 114, December 14, 2023 No. 207)*

#### **Article 11. Prohibition of credit and financial and non-financial assistance**

The Agency cannot provide credit, provide financial and non-financial assistance in any form to the Cabinet of Ministers, other state bodies, legal and public organizations, as well as individuals, except for the cases provided for by this Law.

*(As amended by the Law of the Kyrgyz Republic of December 14, 2023 No. 207)*

## **Chapter 5**

### **Management of Deposit Protection Agency**

#### **Article 12. Management Bodies of the Agency**

The Agency's management bodies are the Board of Directors and the Agency's executive body (the Management Board).

*(As amended by the Law of the Kyrgyz Republic of December 14, 2023 No. 207)*

#### **Article 13. The Agency's Board of Directors**

1. The Board of Directors of the Agency (hereinafter referred to as the Board of Directors) is the supreme management body of the Agency, consisting of 7 members:

1) 3 representatives of the Cabinet of Ministers, including one representative of the Ministry of Economy and Commerce and two representatives of the Ministry of Finance (at the level of board member), appointed by the Chairman of the Cabinet of Ministers;

See:

*Order of the Prime Minister of the Kyrgyz Republic dated December 2, 2020 N 648 (About Karmyshakov U.T.)*

2) 3 representatives of the National Bank (not lower than the level of a member of the Board of the National Bank) appointed by the Board of the National Bank;

3) an independent expert in the field of banking appointed by a joint decision of the Cabinet of Ministers and the National Bank.

See:

Order N 466-p dated 6 December 2019 (On the members of the Board of Directors of the Deposit Protection Agency of the Kyrgyz Republic)

2. Members of the Board of Directors carry out their activities free of charge, except for an independent member of the Board of Directors. The remuneration of independent member of the Board of Directors is determined by a decision of the Board of Directors.

3. (Repealed in accordance with the Law of the KR dated 14 July 2015 N 162)

4. Members of the Board of Directors are appointed for a term of 5 years.

5. Members of the Board of Directors may be appointed to a position of no more than 2 consecutive terms.

6. The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors are elected by the members of the Board of Directors by simple majority vote for a term of 2 years.

7. The Deputy Chairman of the Board of Directors performs the duties of the Chairman of the Board of Directors in the event of a vacancy or in the temporary absence of the Chairman of the Board of Directors.

"8. The exclusive competence of the Council of Directors of the Agency shall include:

1) approval by the representative of the executive director of the Agency of the sizes of calendar and extraordinary contributions intended for the Deposit Protection Fund;

2) approval of draft normative legal acts necessary for the implementation of the provisions of this Law, and presentation of them for approval by the Cabinet of Ministers;

3) approval of the Agency's organizational structure;

4) approval of the regulation of the executive body (Pravleniya);

5) approval of candidates for appointment/release of the supervisors of the internal audit service/internal auditor, risk management service/risk manager, corporate secretary of the Agency, listening to their reports;

6) establishment of additional requirements for upgrading the qualifications of members of the executive body (Pravleniya);

7) on the proposal of the executive director of the Agency, the decision to pay compensation to the depositors upon the occurrence of the warranty case;

- 8) on the presentation of the executive director of the Agency, the definition of the investment policy, the establishment of restrictions on the Agency's counterparties;
- 9) approval of the Agency's budget and report on its execution;
- 10) approval of the Agency's annual report;
- 11) annual hearing of the report of the executive director of the Agency;
- 12) approval of the complex policy of the Agency for the Conflict of Interests;
- 13) the annual determination of the independent audit organization for conducting an external audit, obtaining the results of the Agency's audit in accordance with the legislation on public procurement;
- 14) giving consent to borrow funds from the Agency to cover obligations according to the requirements of this Law;
- 15) approval of the Agency's program for increasing public awareness of the deposit protection system;
- 16) approval of the strategic plan for the development of the Agency and deposit protection system, as well as the implementation of other powers provided for by this Law.

*(As amended by the Laws of the Kyrgyz Republic of July 14, 2015 No. 162, December 14, 2023 No. 207)*

#### **Article 14. Executive Body (Board) of the Agency**

1 An Executive Director of the Agency's and his two deputies are appointed by the President upon recommendation of the Agency's Board of Directors. An Executive Director and his deputies shall be appointed for a five-year term. The Executive Director and his deputies may be appointed for no more than two terms.

##### **See:**

**Decree of the President of the KR dated 22 July 2008 UP N 259 'On Kasymov J.T.';**

**Decree of the President of the Kyrgyz Republic dated 11 September 2008 RP N 215 'On G.J. Batyrkanova'.**

1-1. Members of the executive body (Management Board) shall:

- 1) have citizenship of the Kyrgyz Republic;
- 2) have higher economic, financial, or legal education and labor experience in the banking sector or the field of deposit protection systems not less than 3 years;
- 3) have work experience in managerial positions in the banking and/or financial systems or in positions related to economic (financial) activities;
- 4) have an impeccable business reputation in accordance with the Law of the Kyrgyz Republic 'On Banks and Banking Activities'.

##### **2. Executive Director of the Agency:**

- 1) makes decisions on all issues of the Agency's activities, except for matters related to the competence of the Agency's Board of Directors;
- 2) responsible for the current activity of the Agency;
- 3) is responsible for hiring qualified personnel and engaged experts;
- 4) is responsible for the use of funds of the Deposit Protection Fund, as well as the realization and results of the Agency's investment activities;
- 5) acts on behalf of the Agency and represents the interests of the Agency in all judicial, state bodies and other institutions and organizations regardless of organizational and legal form, as well as in relations with individual entrepreneurs and citizens;

6) approves the Agency's action plan to raise public awareness of the deposit protection system

3. The executive director and his deputies are relieved of their duties in the following cases:

1) on personal application;

2) when committing a criminally punishable act, established by a judgment of the court that has entered into force;

3) in case of impossibility of performance of service obligations, confirmed by the conclusion of the state medical commission;

4) when losing citizenship of the Kyrgyz Republic;

5) in case of non-compliance and non-fulfillment (violation) of the requirements stipulated in articles 18 and 19 of this Law;

6) in case of non-fulfillment of their official powers and implementation of actions that harm the interests of the Agency, on the recommendation of the majority of the members of the Board of Directors, the person who appointed the executive director and his deputies.

4. In the absence of the Executive Director, his duties are assigned to one of his deputies.

*(In the edition of the Law of KR of 14 July 2015, N 162 )*

#### **Article 15. Meetings of the Board of Directors**

1. The Board of Directors conducts meetings as needed, but not more than once a quarter. The quorum at the meeting of the Council of Directors consists of 5 members. Decisions are taken by a simple majority vote of the total number of Board of Directors' members. When there are equal votes, the vote of the chairman of the Board of Directors is decisive.

2. Extraordinary meetings of the Board of Directors may be convened at the initiative of the Chairman of the Board of Directors or 4 of its members.

3. The members of the Board of Directors cannot delegate their powers.

4. At each meeting, a protocol is signed by the secretary of the Board of Directors, signed by the member of the Board of Directors and the secretary. The protocol must include a summary of the discussed issues and the opinion of all Board of Directors' members.

5. The decision of the Board of Directors is taken in the form of statutes, signed by the chairman. For each question, the voting record is signed by each member of the Board of Directors present at the meeting and is part of the minutes of the meeting of the Board of Directors.

6. Decisions and minutes of the Board of Directors are kept permanently.

#### **Article 16. Vacancies in the Board of Directors**

1. Any vacancy in the Board of Directors is filled in the same way as the original appointment in accordance with articles 13 and 18 of this Law.

2. In the event of a vacancy, a new member of the Council of Directors may be appointed.

3. Any vacancy must be filled within 30 days.

#### **Article 17. Resignation and release from duties**

Members of the Board of Directors are relieved of their duties by the persons who appointed them, only in the following cases:

1) upon expiration of the power of attorney;

2) on personal application;

3) when committing a criminally punishable act, established by a judgment of the court that has entered into force;

4) in case of impossibility of performance of service obligations, confirmed by the conclusion of the state medical commission;

5) lost citizenship of the Kyrgyz Republic;

6) in case of non-compliance (violation) of the requirements stipulated in articles 18 and 19 of this Law;

7) in the event of non-fulfilment of the powers of a member of the Board of Directors for 6 consecutive months without good reason;

8) exemption from basic work in the body, representative of which he is present;

9) violations of their official powers and implementation of actions that harm the interests of the Agency, or violations of this Law, as well as the constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" and the Law of the Kyrgyz Republic "On Banks and Banking Activities", on the recommendation of the majority of the members of the Board of Directors to the person who assigned them.

*(As amended by the Laws of the Kyrgyz Republic of December 16, 2016 No. 207, December 14, 2023 No. 207)*

### **Article 18. Qualification requirements to the members of the Agency's Board of Directors**

1. Members of the Board of Directors should:

1) have citizenship of the Kyrgyz Republic;

2) have higher education;

3) have at least 3 years of work experience in banking, economic, financial, and legal spheres;

4) have experience in managerial positions in banking and/or financial systems or in positions related to economic (financial) activities.

1-1. An independent member of the Board of Directors must additionally possess:

1) knowledge in the areas of banking law and corporate management;

2) impeccable business reputation in accordance with the Law of the Kyrgyz Republic "About banks and bank activities".

2. Members of the Board of Directors, the executive director, and his deputies cannot simultaneously hold positions or otherwise perform duties in participating banks, participating microfinance companies, and participating housing and savings credit companies of the deposit protection system and their affiliates.

3. Members of the Board of Directors, the Executive Director, and his deputies cannot have shares (shares) of commercial banks, microfinance companies, and housing and savings credit companies, and persons affiliated with them. If, upon appointment to the position of a member of the Board of Directors, the executive director and his deputies own (manage) the shares of a bank, a microfinance company, and a housing-savings credit company, they must within 30 days transfer the property rights to these shares to the management of an independent trustee or produce them alienation or sale.

4. A person is not entitled to be a member of the Board of Directors, an executive director and his deputy:

1) if a conviction has been issued against him/her by a court decision prohibiting him/her from working in the financial and credit system;

2) if he/she has been convicted for economic, financial and banking crimes, as well as for official offences;

3) if he/she was the Chairman of the Board of Directors, member of the Board of Directors, Chairman of the Management Board, member of the Management Board, Chairman of the Audit Committee, Chief Accountant, Head of the Internal Audit Service of a bank or a financial and credit organization subjected to the forced liquidation procedure and confirmations are testifying that his/her actions (inaction) had a significant impact on the occurrence of the chief accountant, head of the internal audit service of a bank or financial and credit organization subjected to forced liquidation procedure, and there is evidence that his/her actions (inaction) had a significant impact on the situation of forced liquidation;

4) if it has a criminal record that has not been cleared or not repaid in accordance with the legislation of the Kyrgyz Republic and the second state;

5) if it is a close relative of a member of the Board of Directors of the Agency and/or a significant participant, a member of the Board, a member of the Board of Directors of a participating bank, participating microfinance company and participating housing and savings credit company.

5. Managers and employees of the Agency are prohibited from disclosing official and other confidential information, as well as information constituting bank secrecy, except in cases provided for by the legislation of the Kyrgyz Republic. Persons who have allowed the illegal disclosure of official and other confidential information, as well as information constituting bank secrecy, or have used it for personal purposes, are liable in accordance with the legislation of the Kyrgyz Republic.

6. Failure to comply with the provisions of this article is considered a violation of official powers and the member of the Board of Directors is subject to dismissal from office within 30 days from the day of establishing the fact of violation in accordance with paragraph 9 of article 17 of this Law or immediately - in the case of violation of parts 2 and 4 of this article.

*(As amended by the Laws of the Kyrgyz Republic of July 14, 2015 No. 162, August 8, 2019 No. 114, December 14, 2023 No. 207)*

#### **Article 19. Conflict of interests**

1. Before being appointed to the position of a member of the Board of Directors, as well as other managers of the Agency, they must submit written information regarding their commercial, entrepreneurial, other material, and personal interests and their close relatives - to the body that appoints them, according to the form developed by the National Bank.

2. Every year, the members of the Board of Directors, as well as other managers of the Agency, must submit to the Agency written information concerning their commercial, entrepreneurial, other material, and personal interests and their close relatives, according to the form established by the Agency.

3. Members of the Board of Directors must not be present and must not take part in discussions and voting on issues in which they or their close relatives, as well as persons related to them, have a personal interest (directly or indirectly).

4. Members of the Board of Directors are obliged to cooperate in the disclosure of facts, which lead to the occurrence of a conflict of interests.

5. Non-fulfillment of the provisions of this article is considered a violation of their official powers and is grounds for consideration of the issue of dismissal from the position held in the Agency in accordance with paragraph 9 of article 17 of this Law.

6. The employees of the Agency, and other persons representing the rights and legitimate interests of the Agency are protected by the state in the performance of their official duties.

The Agency is obliged to ensure the legal protection of its employees in courts and law enforcement bodies with the payment of necessary expenses at its own expense or by compensating the expenses incurred by employees.

The Agency's employees, as well as other persons representing the Agency's rights and legal interests, are not liable to any person for losses incurred in the lawful performance of their duties or legal obligations. Claims and lawsuits due to their illegal activity can be presented exclusively to the Agency. Агентство продаже предъявить иски in retrogressive order.

*(As amended by the Law of the Kyrgyz Republic of July 14, 2015 No. 162)*

## **Chapter 6 Participation in the Deposit Protection Fund**

#### **Article 20. Participation in the deposit protection system**

1. Participation in the deposit protection system is mandatory for all resident banks, all branches of foreign banks, microfinance companies licensed to accept time deposits from individuals and legal entities, and housing and savings credit companies located in the Kyrgyz Republic, in accordance with the requirements of this Law.

2. The bank-participant of the deposit protection system is obliged to observe the regulations and fulfill the mandatory requirements established by the Law of the Kyrgyz Republic "On banks and banking activities".

The National Bank establishes for "transitional" banks special conditions and terms of compliance with regulations and requirements stipulated by the Law of the Kyrgyz Republic "On Banks and Banking Activities".

Housing-savings credit company-participant of the system of deposit protection is obliged to comply with regulations and fulfill mandatory requirements established by legislation in the sphere of regulating the activities of housing-savings credit companies.

The microfinance company-participant in the system of deposit protection is obliged to observe the regulations and fulfill the mandatory requirements established by the Law of the Kyrgyz Republic "About microfinance organizations in the Kyrgyz Republic.

3. The National Bank has the right to establish additional criteria for participating banks, participating microfinance companies, and participating housing and savings credit companies in the deposit protection system.

4. *(Became invalid in accordance with the Law of the Kyrgyz Republic dated 29 April 2009 N 139)*

5. Newly created banks, microfinance companies and housing-savings credit companies must submit a request to the National Bank for participation in the deposit protection system at the same time as submitting documents for obtaining a banking license, or removing the license restriction on accepting time deposits from individuals and legal entities, or obtaining a license for the right to carry out separate bank operations accordingly. Newly created banks, microfinance companies and housing savings credit companies will automatically be accepted into the deposit protection system when meeting the requirements of the laws of the Kyrgyz Republic " On banks and banking activities ", " On microfinance organizations in the Kyrgyz Republic ", legislation in the sphere of housing savings activities regulation credit companies and requirements established by the National Bank for obtaining a license for banking activities and for the right to carry out separate banking operations and receive deposits from physical and legal entities.

After obtaining the license of the National Bank for the implementation of banking activities or the license for the right to carry out separate banking operations, or the removal of the restriction in the license for accepting deposits and transferring the entry fee to the Deposit Protection Fund by a bank, microfinance company, housing-savings credit company, the National Bank sends a notification to the Agency , confirming the issuance of a bank license and a license for the right to carry out separate banking operations or the removal of restrictions on the license for the right to accept deposits from individuals and legal entities with an attachment of a copy of the application of a bank, microfinance company, housing and savings credit company to participate in the deposit protection system. The notification of the National Bank is the basis for the entry of the bank into the register of member banks, the microfinance company into the register of microfinance companies, and the entry of the housing and savings credit company into the register of housing and savings credit companies, members of the deposit protection system. The bank, the microfinance company and the housing-savings credit company become participants in the deposit protection system from the day of their registration by the Agency in the established order.

*(As amended by the Laws of the Kyrgyz Republic of April 29, 2009 No. 139, December 16, 2016 No. 207, August 8, 2019 No. 114, December 14, 2023 No. 207)*

#### **Article 21. Registration and maintenance of registers of participating banks, participating microfinance companies, and participating housing and savings credit companies of the deposit protection system**

1. The Agency maintains registers of participating banks, participating microfinance companies, and participating housing and savings credit companies in the deposit protection system. The procedure for keeping registers of participating banks, participating microfinance companies, and participating housing and savings credit companies is established by the Agency.

2. Registration of a bank, microfinance company, and housing savings credit company in the system of deposit protection is carried out by the Agency by entering it (its) in the registers of participating banks, participating microfinance companies, and participating housing credit companies.

3. Not later than 2 working days after the bank is entered in the register of member banks, the microfinance company in the register of microfinance companies and the housing savings credit company in the register of housing savings credit companies, the Agency sends the information to the bank,

microfinance company и жилищно-берегательную кредитную компанию, which are obliged to publish it in the republican newspaper in the state and official languages within 5 working days after receipt.

4. The fee for placing a bank, microfinance company and housing-savings credit company on the account and withdrawing from the account in the deposit protection system is not charged.

5. A bank, a microfinance company and a housing savings credit company shall be deregistered by the Agency from the deposit protection system by excluding them from the registers of member banks, member microfinance companies and member housing savings credit companies in accordance with Article 25 of this Law within 5 working days after the Agency completes the procedure of deposit compensation payment determined by this Law.

6. The Agency is obliged within 2 working days to send to the participating bank, participating microfinance company and participating housing and savings credit company information about their exclusion from the registers, which, in turn, are obliged to publish it in the republican newspaper within 2 working days after receipt in the state and official languages and place this information when entering the central (head) office of the bank, microfinance company, housing and savings credit company, including their branches, savings banks, offices and ATMs.

*(As amended by the Law of the Kyrgyz Republic of August 8, 2019 No. 114)*

#### **Article 22. Obligations of the member bank, member microfinance company, and member housing savings credit company of the deposit protection system**

*(Title of the article as amended by the Law of the Kyrgyz Republic of August 8, 2019 No. 114)*

Participating banks, participating microfinance companies, and housing savings credit companies participating in the deposit protection system are obliged to:

1) timely and fully pay the fees specified in this Law;

2) to place information on the deposit protection system and on participation in it of a bank, microfinance company or housing savings credit company in the form established by the Agency in all subdivisions of a bank, microfinance company and housing savings credit company and in other places where a bank, microfinance company and housing savings credit company accept deposits, and to provide this information to the client upon first request on a free of charge basis;

3) record the obligations of the bank, the microfinance company, and the housing-savings credit company in front of the depositors in the form established by the National Bank;

4) pay fines and fines determined by this Law;

5) fulfill other obligations established by this Law.

*(As amended by the Law of the Kyrgyz Republic of August 8, 2019 No. 114)*

#### **Article 23. Decision of the National Bank on compliance (non-compliance) with the requirements of the current banks for participation in the deposit protection system**

*(Out of force according to the Law of the KR of April 29, 2009 No. 139 )*

#### **Article 24. Consequences of a negative decision by the National Bank or failure of the bank to apply for entry into the deposit protection system**

*(Out of force according to the Law of the KR of April 29, 2009 No. 139 )*

#### **Article 25. Consequences of non-compliance of banks, microfinance companies and housing and savings credit companies included in the deposit protection system with the requirements for participation in the deposit protection system**

*(Name of the article As amended by the Law of the KR from August 8, 2019 No. 114)*

1. Banks, microfinance companies, and housing and savings credit companies that are included in the deposit protection system must comply with the requirements of this Law and other normative legal acts regulating banking activities.

2. *(Out of force according to the Law of the Republic of Kyrgyz Republic dated December 16, 2016 No. 207)*



3. In case of violation of the requirements of this Law by a member bank, a member microfinance company and a member housing savings credit company of the deposit protection system, the National Bank shall have the right to apply to it any sanctions provided for by the laws of the Kyrgyz Republic 'On Banks and Banking Activities', 'On Microfinance Organisations in the Kyrgyz Republic' and legislation in the sphere of regulation of activities of housing savings credit companies.

4. *(Out of force according to the Law of the Kyrgyz Republic dated December 16, 2016 No. 207)*

5. *(Out of force according to the Law of the Kyrgyz Republic dated December 16, 2016 No. 207)*

6. *(Out of force according to the Law of the Kyrgyz Republic dated December 16, 2016 No. 207)*

7. *(Out of force according to the Law of the Kyrgyz Republic dated December 16, 2016 No. 207)*

8. Banks, microfinance companies and housing and savings credit companies, in respect of which a ban on deposit taking has been imposed in accordance with this Article, shall be obliged, not later than on the business day following the day of imposition of the said ban, to post information on the termination of the right to deposit funds at the entrance to the central (head) office of the bank or microfinance company, in operating rooms, branches, savings banks and in all premises of the bank or microfinance company accessible to customers, where the bank or microfinance company has a ban on deposit taking.

9. *(Out of force according to the Law of the Kyrgyz Republic dated December 16, 2016 No. 207)*

10. Deposits accepted before the termination of membership in the deposit protection system are subject to coverage in accordance with this Law until the expiration of the term specified in the bank deposit agreement, the microfinance company deposit agreement and the housing savings credit company deposit agreement. The contract cannot be extended. Any funds sent to deposits after termination of membership in the deposit protection system must be returned to the person who sent them.

11. For the acceptance of deposits after the ban on their acceptance, suspension and (or) termination of membership in the deposit protection system, the Board of Directors of the bank, the microfinance company and the housing savings credit company, the Board of the bank, the microfinance company and the housing savings credit company are responsible in accordance with the legislation of the Kyrgyz Republic.

12. The bank, the microfinance company and the housing-savings credit company are not entitled to demand the return of the contributions made to the deposit protection system. The bank, the microfinance company and the housing-savings credit company are obliged to continue paying deposits, which are subject to compensation in accordance with this law, until the guarantee case occurs.

13. Agency, bank, microfinance company and housing and savings credit company, whose membership in the deposit protection system has been terminated or suspended, or in respect of which a ban on accepting deposits has been introduced, shall:

1) post the following information in the state and official languages at the entrance to the central (head) office of the bank, microfinance company, in operating rooms, branches, savings banks and in all other premises accessible to clients of the bank, microfinance company and at the entrance to the central (head) office of the housing-savings credit company, branches and representatives, as well as in all other premises of the housing-savings credit company:

a) o date of suspension of the membership in the system of protection of deposits;

b) that all deposits received before the date of ban on deposit acceptance, termination or suspension of membership in the deposit protection system are subject to protection in accordance with this Law;

2) publish the information specified in point 1 of this part in the state and official languages in the republican newspaper within 2 working days after the date of ban on deposit acceptance, termination and (or) suspension of membership in the deposit protection system.

*(As amended by the Laws of the Kyrgyz Republic of April 29, 2009 No. 139, July 14, 2015 No. 162, December 16, 2016 No. 207, August 8, 2019 No. 114, December 14, 2023 No. 207)*

## **Chapter 7**

### **Financing of the deposit protection fund**

#### **Article 26. Contributions to the Deposit Protection Fund**

1. Participating banks, microfinance companies-participants and housing-savings credit companies-participants of the deposit protection system must pay mandatory contributions to the Deposit Protection Fund at the rate and in the terms determined by the Agency in coordination with the National Bank.

2. The target value of the deposit protection fund is established at the level of 12 percent.

3. Contributions to support the operation of the Deposit Protection Fund shall be made under the conditions stipulated in Articles 27-31 of this Law.

4. *(Out of force in accordance with the Law of the Kyrgyz Republic of July 25, 2016 No. 138)*

4-1. *(Out of force in accordance with the Law of the Kyrgyz Republic of July 25, 2016 No. 138)*

5. *(Out of force in accordance with the Law of the Kyrgyz Republic of July 25, 2016 No. 138)*

6. Contributions of participating banks, participating microfinance companies and participating housing and savings credit companies of the deposit protection system, made to the Deposit Protection Fund, are considered its property, are non-refundable and are used exclusively in accordance with this Law.

*(As amended by the Law of the Kyrgyz Republic of April 29, 2009 No. 139, July 25, 2016 No. 138, December 16, 2016 No. 207, August 8, 2019 No. 114)*

#### **Article 27. Fees for newly established banks, microfinance companies and housing savings credit companies (entry fees)**

*(Title of the article as amended by the Law of the Kyrgyz Republic of August 8, 2019 No. 114)*

1. Newly created banks, microfinance companies and housing savings credit companies, with the exception of the "transitional" bank, must pay an entry fee to the Deposit Protection Fund in the amount of one percent of the minimum statutory capital standard established for newly created banks, microfinance companies, operations on the receipt of time deposits from physical and legal persons, and housing and savings credit companies respectively. The entrance fee must be paid by the bank in the period after obtaining the permission of the National Bank and before the license is issued, and the microfinance company - until the license restrictions on the right to accept deposits from individuals and legal entities are lifted and the housing and savings credit company - before the license for the right to conduct individual bank operations.

"Transitional" bank, created during bank restructuring, is exempted from payment of entry fee.

2. In the event of an increase in the statutory capital by banks, microfinance companies and housing and savings credit companies, additional membership fees are not charged.

3. Subsequent calendar payments are carried out in accordance with articles 29 - 31 of this Law.

*(As amended by the Laws of the Kyrgyz Republic of December 16, 2016 No. 207, August 8, 2019 No. 114)*

#### **Article 28. Fees of operating banks, microfinance companies, and housing and savings credit companies**

1. Contributions of operating banks, microfinance companies, and housing savings credit companies are set at the level of 0.2 percent per annum of the total deposit base of the bank, microfinance company, and housing savings credit company, respectively, to achieve the target values established in part 2 of Article 26 of this Law.

2. Contributions of operating banks, microfinance companies, and housing-savings credit companies are paid starting from the quarter following the date of entry into force of this Law.

3. *(Out of force according to the Law of the Kyrgyz Republic dated December 16, 2016 No. 207)*

4. Fees are paid every quarter no later than the 15th of the month following the accounting quarter.

5. Contributions to the Deposit Protection Fund are carried out without acceptance in cases of non-payment or incomplete payment of the sums of contributions, which must be agreed when concluding the contract with the participating bank, participating microfinance company, participating housing and savings credit company, and the Agency.

*(As amended by the Laws of the Kyrgyz Republic of April 29, 2009 No. 139, July 25, 2016 No. 138, December 16, 2016 No. 207, August 8, 2019 No. 114)*

### **Article 29. Calendar installments**

1. Banks, microfinance companies and housing-savings credit companies must annually pay calendar fees in the amount of 0.2 percent of the annual deposit base of the bank, microfinance company and housing-savings credit company, respectively.

The amount of contributions is calculated by the Agency together with the National Bank, based on the necessity of creating and maintaining the Deposit Protection Fund in an amount not less than the amount specified in Part 2 of Article 26 of this Law.

2. The general deposit base is calculated on an average daily basis for one year, ending in the quarter (calculation quarter) preceding the quarter in which the payment is made in accordance with part 5 of this article.

3. For newly established banks, microfinance companies, housing and savings credit companies, the first calendar fee is calculated by multiplying the total deposit base of the bank, microfinance company, housing and savings credit company respectively by 1/360, by 0.2 percent per year and by the amount of remaining until the end of the calculation quarter of days with the date of acceptance into the deposit protection system in accordance with part 5 of Article 20 of this Law.

4. For banks, microfinance companies, and housing and savings credit companies in respect of which a guaranteed event has occurred, the contributions shall be calculated as of the date of its occurrence in accordance with this Article.

5. Calendar fees are paid every quarter no later than the 15th of the month following the calculation quarter.

6. Contributions to the Deposit Protection Fund are carried out in a non-acceptance manner in cases of non-payment or incomplete payment of the sums of contributions, which must be agreed upon when concluding the contract with the participating bank, participating microfinance company, participating housing and savings credit company and the Agency.

*(As amended by the Laws of the Kyrgyz Republic of April 29, 2009 No. 139, July 4, 2013 No. 113, July 25, 2016 No. 138, August 8, 2019 No. 114)*

### **Article 30. Extraordinary fees**

1. If the funds of the Deposit Protection Fund are insufficient to cover current obligations according to the requirements of this Law, the Board of Directors of the Agency may undertake one or at the same time several of the following measures:

1) increase the amount of annual fees, but no more than double the fee rate from the level established in part 1 of article 29 of this law;

2) establish special one-time contributions, not exceeding the sum of contributions of the previous year;

3) to produce loans on the market under the guarantee of the Cabinet of Ministers;

4) use the granted grant funds;

5) request and receive a loan from the Cabinet of Ministers at a rate not exceeding the discount rate of the National Bank. The Cabinet of Ministers must provide the requested funds within 5 working days from the date of receipt of the request. If as a result of this request the law on the republican budget of the Kyrgyz Republic for the relevant year is violated, the Cabinet of Ministers within 20 days from the date of sending the request, in coordination with the relevant committee of the Zhogorku Kenesh of the Kyrgyz Republic, which is responsible for budget legislation issues, shall make appropriate amendments to the budget parameters approved by the law on the republican budget, pending consideration and adoption of relevant amendments thereto by the Zhogorku Kenesh of the Kyrgyz Republic;

6) request monetary funds from the National Bank of the Kyrgyz Republic in order to ensure the financial stability of the deposit protection system of the Kyrgyz Republic in accordance with the constitutional law of the Kyrgyz Republic "About the National Bank of the Kyrgyz Republic.

2. When establishing the amount of contributions, the Council of Directors of the Agency takes into account:

- 1) the expenses of the Deposit Protection Fund, related to the payment of compensation to depositors;
- 2) expected operational expenses of the Deposit Protection Fund;
- 3) income of the Agency from investments;
- 4) refund of funds from the liquidation of banks, microfinance companies and housing and savings credit companies;
- 5) influence of contributions on income and capital of the bank, microfinance company and housing-savings credit company;
- 6) the need to repay the borrowed sums in accordance with points 3 and 5 of part 1 of this article;
- 7) any other factors that the Council of Directors may deem necessary.

If, according to the Agency's calculations, the introduction of a double fee rate for untimely payment of compensations will lead to problems at the bank, microfinance company and housing-savings credit company, then the Agency can take another decision.

3. Any increase in fees or payment of extraordinary fees or borrowing must be approved by the Board of Directors with the approval of the National Bank.

4. The Agency is obliged to inform banks, microfinance companies and housing and savings credit companies of changes in contribution amounts at least 30 days before the last day of the quarter for which the calculation is made.

*(As amended by the Laws of the Kyrgyz Republic of April 29, 2009 No. 139, July 25, 2016 No. 138, August 8, 2019 No. 114, December 14, 2023 No. 207)*

See:

*Resolution of the Board of the National Bank of the Kyrgyz Republic dated August 15, 2018 No. 2018-P-09/33-1-(NPA) "On approval of the Regulations "On providing a loan to the Deposit Protection Agency of the Kyrgyz Republic"*

### **Article 31. Special provisions**

1. All contributions are recognized as obligatory payments of banks, microfinance companies, and housing-savings credit companies, they are considered their operating expenses with a corresponding reduction from the tax base.

2. To calculate deposits in foreign currency, the conversion rate set by the National Bank on the last day of the quarter, in which payment is made.

3. If the bank, microfinance company or housing and savings credit company does not pay the fee in accordance with this article, he (she) is obliged to pay penalties in the doubled amount of the annual accounting rate established by the National Bank for each day of delay from the amount to be paid. Payment of fines does not exempt the bank, microfinance company, and housing and savings credit company from payment of fees.

4. After reaching the target indicator, the Agency can reduce the amount of contributions to the Deposit Protection Fund, except for the case where a bank, microfinance company, or housing and savings credit company has been subject to measures of influence established by the laws of the Kyrgyz Republic for the last 6 months " About banks and banking activities ", " About microfinance organizations in the Kyrgyz Republic " and legislation in the sphere of regulation of the activities of housing and savings credit companies.

5. The reduction in the amount of contributions to the Deposit Protection Fund shall be made after full repayment of funds borrowed by the Fund.

6. In the case of a decrease in the Fund's target index below the established level, contributions can be increased.

*(As amended by the Laws of the Kyrgyz Republic of December 16, 2016 No. 207, August 8, 2019 No. 114, December 14, 2023 No. 207)*

### **Article 32. Sources of funding for the Deposit Protection Fund**

1. Sources of funding of the Deposit Protection Fund include:

- 1) fees established by this Law and paid by member banks, member microfinance companies, member housing and savings credit companies;
  - 2) contributions made by the Cabinet of Ministers;
  - 3) interest and investment income of the Agency from the placement of free funds;
  - 4) money received as a result of the liquidation of banks, microfinance companies and housing-savings credit companies, in accordance with Article 8 of this Law;
  - 5) fines and penalties paid by participating banks, participating microfinance companies and participating housing and savings credit companies;
  - 6 .
  - 7) monetary funds received as assistance and not subject to return;
  - 8) market loans obtained under the guarantee of the Cabinet of Ministers;
  - 9) credits granted by the Cabinet of Ministers;
  - 10) other funds received in accordance with the legislation of the Kyrgyz Republic.
2. The net income received by the Deposit Protection Fund must be capitalized and not subject to distribution.

*(As amended by the Laws of the Kyrgyz Republic of April 29, 2009 No. 139, August 8, 2019 No. 114, December 14, 2023 No. 207)*

### **Article 33. Agency account and investment policy**

*(Title of the article as amended by the Law of the Kyrgyz Republic dated April 29, 2009 N 139)*

1. The Agency's account, intended for replenishment of the Deposit Protection Fund for the account of contributions of the Cabinet of Ministers of the Kyrgyz Republic and commercial banks, microfinance companies, housing and savings credit companies, must be opened and serviced in the National Bank.

Bank accounts of the Agency, intended for operational expenses and other costs of the Agency, are opened in commercial banks.

2. The Agency can invest in securities:

- 1) released and/or unconditionally guaranteed by the Cabinet of Ministers of the Kyrgyz Republic;
- 2) issued by the National Bank of the Kyrgyz Republic;
- 3)*(Out of force in accordance with the Law of the Kyrgyz Republic of July 25, 2016 No. 138)*

*(Paragraph 2 has lost force in accordance with the Law of the Kyrgyz Republic dated July 25, 2016 N 138)*

3. *Operating expenses and other costs of the Agency's maintenance, related to the performance of the tasks assigned to it, for each financial year are covered by:*

- 1) no more than 2 percent per year from the total sum of accumulated funds of the Fund and compensatory payments subject to return to the Fund, calculated at the beginning of the year;
- 2) no more than 25 percent of the income received from the placement of the Fund's free funds;
- 3) no more than 1 percent per year of the total sum of the Fund's accumulated funds and compensation payments subject to return to the Fund, calculated at the beginning of the year after reaching the size of the Deposit Protection Fund of KGS 15000000000 (fifteen billion).

*(As amended by the Laws of the Kyrgyz Republic of April 29, 2009 No. 139, March 3, 2010 No. 42, July 25, 2016 No. 138, August 8, 2019 No. 114, December 14, 2023 No. 207).*

### **Article 34. The use of funds of the Deposit Protection Fund**

1. The funds of the Deposit Protection Fund may be used to make only the following payments and expenditures:

- 1) to pay compensations to depositors in the order and amount stipulated by this Law;
- 2) to cover operational expenses of the Agency and costs for improvement of the Agency's material and technical base;

3) to make payments on the principal and interest of loans and credits received by the Agency in accordance with this Law;

4) to invest free financial resources in accordance with Part 2 of Article 33 of this Law.

2. Funds accumulated at the expense of bank contributions are counted separately from funds accrued at the expense of microfinance companies and housing-savings credit companies.

Funds accumulated from contributions of banks may be used for the purpose of making deposit compensation payments only to pay compensation to depositors of banks.

Funds accumulated from contributions of microfinance companies may be used for deposit compensation payments only to pay compensation to depositors of microfinance companies.

Funds accumulated from the contributions of housing savings credit companies may be used to make deposit compensation payments only to compensate depositors of housing savings credit companies.

3. The Deposit Protection Fund and its resources may not be foreclosed under the obligations of the Kyrgyz Republic, the National Bank of the Kyrgyz Republic, state and local government bodies, banks, financial and credit institutions, other third parties, as well as the Agency, with the exception of the financial obligations of the Agency to pay compensation to depositors in case of a guaranteed event in accordance with this Law. Recovery at the expense of the Deposit Protection Fund and its resources on the financial liabilities of the Agency for depositors' compensation is carried out only on the basis of a judicial act..

The funds of the Deposit Protection Fund can only be used in accordance with this Law and cannot be used to fulfill obligations, purchase assets, claim rights, shares and participation shares in the capital of banks, financial and credit organizations and other third parties, and also cannot be исполнителны на исполнение судебных АКТОВ, connected with the execution by the Agency of functions for the liquidation of banks and financial-credit organizations.

*(In the edition of the KR Law dated 14 December 2023 No. 207 )*

#### **Article 35. Status of exemption from payment of taxes**

1. Income, funds, operations and property of the Agency and Deposit Protection Fund are not subject to taxation in accordance with the legislation of the Kyrgyz Republic.

2. The Agency is exempted from payment of state duty in the courts of the Kyrgyz Republic.

## **Chapter 8 Accountability, Audit and Publications**

#### **Article 36. Reporting and information provided to the Agency**

1. To fulfill the requirements of this Law, each participating bank, each participating microfinance company, and participating housing and savings credit company must submit to the Agency and the National Bank the necessary reporting form, the order, content, and frequency of presentation of which is established by the Cabinet of Ministers in agreement with the National bank.

2. At the request of the National Bank Agency, it presents the information necessary to fulfill the provisions of this Law.

3. The Agency has the right to receive information that constitutes the official, commercial, and bank secret of a bank, microfinance company, and housing-savings credit company, in respect of which a warranty case has occurred, for the implementation of the functions established by this Law.

4. In the case of disclosure by the Agency or its officials of information constituting official, commercial and bank secrets, the Agency bears responsibility in accordance with the legislation of the Kyrgyz Republic.

5. Persons who disclosed official, commercial and banking secrets bear personal responsibility in accordance with the legislation of the Kyrgyz Republic.

*(As amended by the Laws of the KR from August 8, 2019 o.N 114 , December 14, 2023 No. 207)*

#### **Article 37. Accountability of the Deposit Protection Agency**

1. The Agency's financial year is established from January 1 to December 31 inclusive.

2. The Agency maintains permanent accounting and reporting in accordance with international accounting standards.

3. The Agency prepares annual financial reporting in accordance with article 40 of this Law.

#### **Article 38. Audit of the Deposit Protection Agency**

1. The Board of Directors of the Agency, in the period not later than 6 months before the end of the financial year, in accordance with the legislation on public procurement, determines the independent audit organization for the external audit of the Agency.

2. The Agency, according to the contract concluded with the auditor's organization, presents the reporting and information necessary for conducting the auditor's inspection.

3. Payment for the services of an audit organization for auditing the Agency is carried out at the expense of the Agency's operating expenses.

*(As amended by the Law of the Kyrgyz Republic dated December 14, 2023 No. 207)*

#### **Article 39. Internal control**

The Agency must have an adequate internal control system, including an internal audit service, accountable to the Board of Directors.

#### **Article 40. Annual report of the Agency**

1. The annual report of the Agency is approved by the Board of Directors and includes:

1) the Agency's financial statements, which have passed the audit and include all necessary disclosures in accordance with international accounting and accounting standards;

2) analysis of the activities of the Agency and the status of the Deposit Fund;

3) other reports on the activities of the Agency, determined by the Council of Directors of the Agency and necessary for adequate disclosure of the operations and activities of the Agency.

2. The Agency annually submits an annual report on its activities to the profile committee of the Jogorku Kenesa, the Cabinet of Ministers and the National Bank no later than 30 April of the year following the report.

3. other reports on the Agency's activities as determined by the Agency's Board of Directors and necessary for adequate disclosure of the Agency's operations and activities.

*(As amended by the Law of the Kyrgyz Republic dated 14 December 2023 No. 207 )*

#### **Article 41. Publications**

1. The Agency publishes its financial statements in the media every quarter in the form established by the Agency's Board of Directors and agreed with the National Bank.

2. The Agency annually publishes in the mass media the main analytical data included in the annual report in the form established by the National Bank.

The Agency's annual report is posted on the Agency's website no later than April 30 of the year following the reporting year.

3. Within 5 working days from the date of publication of the information specified in parts 1 and 2 of this article, the Agency must submit copies of properly certified publications to the National Bank.

*(In the edition of the Law of KR of 14 July 2015, N 162 )*

#### **Article 42. Basics of interaction between the Agency and the National Bank**

1. The Agency and the National Bank shall coordinate their activities in accordance with the requirements of this Law and other regulatory legal acts.

2. The National Bank shall inform the Agency not later than 3 working days after taking the relevant decision:

1) on issuance of a licence to a bank to carry out banking activities, on removal of restrictions in the licence from a microfinance company on the right to accept deposits from individuals and legal entities and on issuance of a licence to a housing and savings credit company on the right to conduct certain banking operations;

- 2) on making a decision on inspection of a bank, a microfinance company and a housing and savings credit company at the proposal of the Agency, as specified in paragraph 6(1) of this Article;
- 3) on reorganisation or liquidation of a bank, microfinance company and housing and savings credit company;
- 4) on application by the National Bank of the following:
  - a) imposing restrictions on the acceptance and disbursement of deposits;
  - b) appointment of the Temporary Administrator;
  - c) revocation of the license;
  - d) (out of force in accordance with the Law of the Kyrgyz Republic dated 16 December 2016 No. 207)

(3) The Agency shall inform the National Bank in writing not later than on the business day following the day of adoption of the relevant decision on the inclusion of:

- 1) a bank to the register of banks and on the exclusion of the bank from the said register;
- 2) a microfinance company in the register of microfinance companies and on the exclusion of the microfinance company from the said register;
- 3) housing and savings credit company in the register of housing and savings credit companies and on the exclusion of housing and savings credit company from the said register.

(4) The Agency shall be obliged to submit to the National Bank the information listed in Articles 16, 21, 22, 30 and 40 of this Law according to the procedure and in the form established by the National Bank.

5. The National Bank may require other information necessary for the execution of this Law.

6. The Agency shall have the right to apply to the National Bank with a proposal:

1) on conducting by the National Bank a targeted inspection by the National Bank of a bank, microfinance company and housing savings credit company on the fulfillment by the bank, microfinance company and housing savings credit company of the requirements of this Law;

2) on application by the National Bank of sanctions measures concerning a bank, microfinance company and housing and savings credit company.

7. Representatives of the National Bank and the Agency shall meet at least once every 3 months to exchange information to coordinate actions between the National Bank and the Agency on the implementation of the provisions of this Law.

(As amended by the Laws of the Kyrgyz Republic dated 14 July 2015 No. 162, 16 December 2016 No. 207, 8 August 2019 No. 114)

## **Chapter 9**

### **Entry into force of this Law**

#### **Article 43. Entry into force of this Law**

1. This Law shall come into force upon expiry of 3 months from the date of its official publication.

Published in the newspaper 'Erkintoo' dated 13 May 2008 N 33

2. (out of force in accordance with the Law of the KR dated 25 July 2016 N 138)

3. The Government shall take organizational measures to establish the Deposit Protection Agency and resolve issues to financially and logistically support its activities.

(As amended by the Laws of the Kyrgyz Republic dated 29 April 2009 N 139, 25 July 2016 No. 138)

#### **Article 44. Final provisions**

1. Part 1 of Article 31 and Part 1 of Article 35 of this Law shall come into force after the relevant amendments are made to the Tax Code of the Kyrgyz Republic.

2. Part 2 of Article 35 shall come into force after the relevant amendments are made to the Law of the Kyrgyz Republic 'On State Duty'.

3. (out of force in accordance with the Law of the Kyrgyz Republic dated 16 December 2016 N 207)



4. The Government of the Kyrgyz Republic shall, within 3 months from the date of signing of this Law, bring its normative legal acts in compliance with it.

(As amended by the Law of the Kyrgyz Republic dated 16 December 2016 No. 207)

**President of the Kyrgyz Republic**

**K. Bakiev**

**Adopted by Zhogorku Kenesh of  
the Kyrgyz Republic**

**March 7, 2008**