

## THE LAW OF THE KYRGYZ REPUBLIC

### On precious metal and precious stones

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metals and precious stones

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#### Section I General provisions

##### Article 1. Scope of the law

This law shall be effective overall the Kyrgyz Republic. It shall define the main notions and conditions to carry out transactions with precious metals, precious stones, as well as the legal basis for state regulation and control over transactions with precious metals and precious stones.

Transactions related to extraction and initial processing of ores containing precious metals and precious stones shall be regulated by the law on mineral wealth.

The transactions related to the utilization of precious metals as foreign exchange values shall be regulated by the foreign exchange law of the Republic.

##### Article 2. Interaction with other laws and normative acts

Other laws and normative acts regarding transactions related to precious metals and precious stones in the Kyrgyz Republic should be in interaction with the provisions of the law.

##### Article 3. Terminology used in this law

Precious metals - are gold, silver, platinum, and metals of the platinum group (palladium, iridium, rhodium, ruthenium, osmium) in any forms and conditions: raw, in alloys, semi-ready products, production products, chemical compounds, articles, scraps and waste products.

Precious stones - are diamonds, emeralds, rubies, and sapphire both raw and (or) cut.

Nuggets - are natural large separate pieces of precious metals that significantly exceed the average size of samples of the same precious metals found in mineral fields (deposits).

Refinery of precious metals - is a process of extracting precious metals from dash and accompanying materials, bringing precious metals to quality that meets international standards or standards of the Kyrgyz Republic.

Production of precious metals - is extraction of precious metals from ores, concentrations, and other manufacturing products, scraps, and wastes contained in these metals and their refinery.

Utilization of precious metals and precious stones - is usage of precious metals and precious stones for production, scientific and social-cultural purposes and as foreign exchange assets.

Transactions with precious metals and precious stones - are the operations related to:

- transfer of title or other rights to precious metals and precious stones;
- receipt of precious metals and precious stones in the storage place, funds and stocks, as well as their custody and release;
- changes in the content or physical conditions of previous metals and precious stones in any substances and materials in their production and usage;
- import of precious metals, precious stones to the Kyrgyz Republic and their export from the Republic.

The mandated government body - is a government institution that is delegated with the authority to represent the interests of the Kyrgyz Government and regulate the issues related to the transactions with precious metals and precious stones in the Kyrgyz Republic.

The State fund of precious metals, precious stones - is precious metals, precious stones credited to the assets of the government, and aimed to meet the government production, scientific and social-cultural needs.

The state vault for custody of valuables - is a government enterprise that keeps in custody the valuables of the State funds, as well as precious metals and precious stones, which belong to the legal entities on a contractual basis.

The state inspectorate of assay supervision - is a government agency exercising assay supervision in the Kyrgyz Republic.

Treasure of precious metals and precious stones - are precious metals, precious stones buried in the earth or hidden by other means and an owner lost his right to them under the law or can not be established.

## Section II State regulation of the transactions with precious metals and precious stones

### Article 4. Relations regulated by this Law

1. The government of the Kyrgyz Republic shall exercise the state regulation of transactions with precious metals and precious stones, which are stipulated in Article 3 of this law by the authorized government body as per the procedure envisaged in this Law.

2. State monopoly shall be valid for the transactions with nuggets of precious metals, treasure of precious metals and precious stones, archeological finds, unique antiques and jewelry made of precious metals and precious stones that are of significant historic, art and material value.

3. Activity of the authorized banks to conduct transactions with precious metals and precious stones shall be regulated by the National bank of the Kyrgyz Republic in agreement with the mandated government body.

### Article 5. State fund of precious metals and precious stones

1. State fund of precious metals and precious stones of the Kyrgyz Republic shall be a sole property of the state and shall be kept with the State vault of valuables.

2. The State fund shall be formed from precious metals, precious stones, and jewelry items acquired on account of the Republican budget funds, and also from precious metals and precious stones, items made of them and their scrap that are confiscated, without owners, the inherent title transferred to the state, found in treasures and during the archeological excavations.

3. Procedure of appraisal, receipt, release, settlements and sale of the valuables acquired for the State fund of valuables shall be established by the Government of the Kyrgyz Republic.

### Article 6. State stocks of precious metals of the Kyrgyz Republic

1. The state stock of precious metals of the Kyrgyz Republic shall consist of precious metals, which belong to the government. It shall be recorded in the balance sheet of the government agency authorized by the Government of the Kyrgyz Republic, and shall be formed through purchase of refined precious metals and coins that contain them.

2. The precious metals shown in the balance sheet of the National bank of the Kyrgyz Republic and meet the international accounting standards shall be part of the government stock. They shall be used by the NBKR in accordance with the monetary policy purposes.

### Article 7. Sale of refined precious metals

1. Refined precious metals shall be sold by manufactures at primary trade auctions. The organizational and auction procedures shall be determined by the Government of the Kyrgyz Republic.

2. The Government of the Kyrgyz Republic and the National Bank of the Kyrgyz Republic shall enjoy the priority right to purchase refined precious metals at the primary auctions, and the right to participate as sellers.

3. Precious metals sold at the primary auctions shall be freely circulated in the secondary market.

### Article 8. Utilization of secondary precious metals

Scraps and wastes containing precious metals and precious stones that are formed in the state enterprises, institutions, and organizations shall be accounted for on a mandatory basis. They may be sold for reprocessing purposes or used again at the place where they were formed.

### Article 9. Import and export of precious metals and precious stones

Import and export of precious metals and precious stones in any form, other than those that are under government monopoly in accordance with Article 4 of this Law, shall be carried out by legal entities and individuals with mandatory declaration at the customs control points.

Section III  
Control over the transactions with  
precious metals and precious stones

Article 10. System of state control over the transaction with  
precious metals and precious stones

The objective of the state control over the transactions with precious metals and precious stones shall be to ensure that legal entities and individuals carry out the transactions with these valuables under the existing legislation.

The system of state control over the transactions with precious metals and precious stones that is executed by the appropriate government agencies shall be valid in the Kyrgyz Republic.

Article 11. Assay supervision over transactions with precious  
metals and precious stones

The objective of the assay supervision shall be to ensure that the legislation and approved standards on production, processing, utilization of precious metals, precious stones, jewelry and other items made of them irrespective of ownership form, are followed by all users of precious metals, precious stones and items made of them.

Assaying supervision shall include testing, analysis, and stamping of jewelry and other items made of precious metals both of domestic production and imported to the Republic for sale by the state standard hallmark, expert analysis of the proof of hallmarks, technical expert analysis of precious metals and items made of them, identification and expert analysis of precious metals, control analysis of precious metals and expert analysis for arbitrate cases.

Assay supervision in the Kyrgyz Republic shall be exercised by the government agency of assay supervision in accordance with the procedures determined by the Government of the Kyrgyz Republic.

Article 12. Licensing of transactions with precious metals and  
precious stones

License to execute transactions with precious metals and precious stones shall be issued by type of activities of appropriate authorized state agencies. The list of types of activities that are subject to licensing shall be defined by the Law of the Kyrgyz Republic "On Licensing."

Article 13. Accounting and reporting

Payments on transactions with precious metals, precious stones.

Article 14. Payments on assaying service on precious metals and  
precious stones

Payments for assaying services on precious metals and precious stones shall include payments for assaying, control analysis and hallmark items made of precious metals, for expert analysis, analysis of materials contained in precious metals and precious stones, for other work and services in accordance with assaying tariffs.

Payments for assaying services shall be credited to the Republican budget, except the part that is used to support the activity on exercising assay supervision and control over the utilization of precious metals and precious stones under the procedure established by the Kyrgyz Government. Apart from that, the users of precious metals and precious stones shall make other payments stipulated by the Kyrgyz legislation.

Article 15. Taxation of transactions with precious metals and  
precious stones

Legal entities and natural persons that use precious metals and precious stones and conduct transactions with them shall be subject to the procedures and conditions of taxation under the existing legislation of the Kyrgyz Republic.

Section V  
Responsibility for violation of this law  
and settlement of disputes

Article 16. Responsibility for violation of this law

Legal entities and natural persons that carry out transactions with precious metals, precious stones and items made of them shall bear responsibility for violation of this law under the existing legislation of the Kyrgyz Republic.

Article 17. Settlement of disputes related to transactions with  
precious metals and precious stones

Any disputes related to precious metals and precious stones shall be settled through court.

Article 18. Procedure of enacting of this law

This law shall become effective since the date of its publication. ("Erkin Toou" - Svobodnye Gory" (Free Mountains), May 27, 1998, # 64-65)

President of the Kyrgyz Republic A.Akayev

Passed by the Legislative Chamber  
of the Jogorku Kenesh of the Kyrgyz Republic May 7, 1998