



**INTERNATIONAL
FINANCE CENTRE
DEVELOPMENT AGENCY**



Bishkek, 2 April 2018

MEDIA RELEASE

Kyrgyzstan Opens For Blockchain Business

Today we are releasing a report "**The Legal Status of Blockchain Commerce in the Kyrgyz Republic**" commissioned from international legal experts by the Kyrgyz Stock Exchange and the International Finance Centre Development Agency.

Kyrgyz Stock Exchange (KSE) is a licensed securities exchange in the Kyrgyz Republic. Its shareholders are major broker-dealers, the Kazakhstan Stock Exchange, the Istanbul Exchange and the State Property Management Fund of the Kyrgyz Republic [www.kse.kg]

International Finance Centre Development Agency is a corporation established for the international promotion of the investment and financial infrastructure of the Kyrgyz Republic. Its main shareholders are Swiss-Central Asian Business Council (Zürich) and the City of Bishkek [www.kyrgyzbusiness.com]

The goal of the legal research was to determine how the legislation of Kyrgyzstan correlates with the blockchain-based commerce: cryptocurrency trading and investments, crypto mining, exchange trading in crypto-assets and the public placement of crypto-instruments through ICOs ('initial coin offerings').

Brief conclusions of the report are distributed with this announcement. The full text of the report is also enclosed. You can download electronic versions of these materials from the Agency's website: <http://kyrgyzbusiness.com/blockchain-ENG/>

The main conclusion of the report is that the law of the Kyrgyz Republic is friendly to any good faith business based on the blockchain technology including crypto-mining and trading.

The law of the Kyrgyz Republic does not forbid or hinder the development of good faith projects based on the blockchain technology, including crypto-asset mining and trading. The law only provides that this must be done with due regard to the local tax law, anti-money laundering controls, consumer and investor protection norms and other legislation regulating the ordinary commerce.

The legislation of the Kyrgyz Republic is friendly to crypto-asset commerce. Without a need for legislative reforms Kyrgyzstan can now satisfy the demand of global crypto-investors and blockchain business developers for a liberal, but well regulated jurisdiction.

In addition to the legal commentary given above, please note the following:

1. We are fully in agreement with the position of the National Bank of the Kyrgyz Republic that non-professional investment of savings into crypto-assets carries an unacceptable risk.

2. We see the following blockchain-based opportunities for Kyrgyzstan:

- to optimize securities settlements (a pilot project is being organized with the Kyrgyz Stock Exchange);

- to use blockchain for Government registers and State procurement procedures;

- offering the investment services infrastructure of Kyrgyzstan (exchanges, investment companies) to global crypto-asset investors enabling them to deal in crypto-assets within a liberal but well regulated legal regime;

- to make Kyrgyzstan a regional centre for startup IPOs by allowing company promoters to raise funds by issuing securities in a regulated, but user-friendly manner and at the same time supplementing the functionality of the offering and subsequent trading with the use of crypto-currencies and tokens, to enhance the liquidity of the securities.

In mid-March 2018 the report was discussed with all the relevant Government departments. We stress, however, that this is a private initiative of the investment market participants.

Questions?

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