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New law “On Guarantee Funds in the Kyrgyz Republic” is adopted

New law “On Guarantee Funds in the Kyrgyz Republic”

The purpose of the document is to improve the legal regulation of relations arising from the creation and operation of guarantee funds (GF) in the country. The law defines the legal and economic foundations of activities in this area.

According to the new wording of the law, regulation and supervision of GF’s activities will be transferred to the National Bank “as the body most appropriate for its functions and tasks”, and the law will provide a provision for the NB to determine the amount of capital of such funds. The National Bank will introduce a procedure for registration of funds; certain requirements shall be developed for legal entities that wish to engage in the work of the GF. The powers of the NB will include inspecting the activities of guarantee funds, receiving reports and applying measures of influence, and GF will be subject to mandatory external audit.

From the moment the law comes into force (15 days after the official publication), the current document with the same name shall no longer be valid.

Guarantee funds make bank loans more affordable for small and medium-sized enterprises by providing guarantees (sureties). These loans should be aimed at business development, expansion of production, acquisition and modernization of fixed assets, introduction of new technologies, innovative activities and the opening of new enterprises.

[Link.](#)

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