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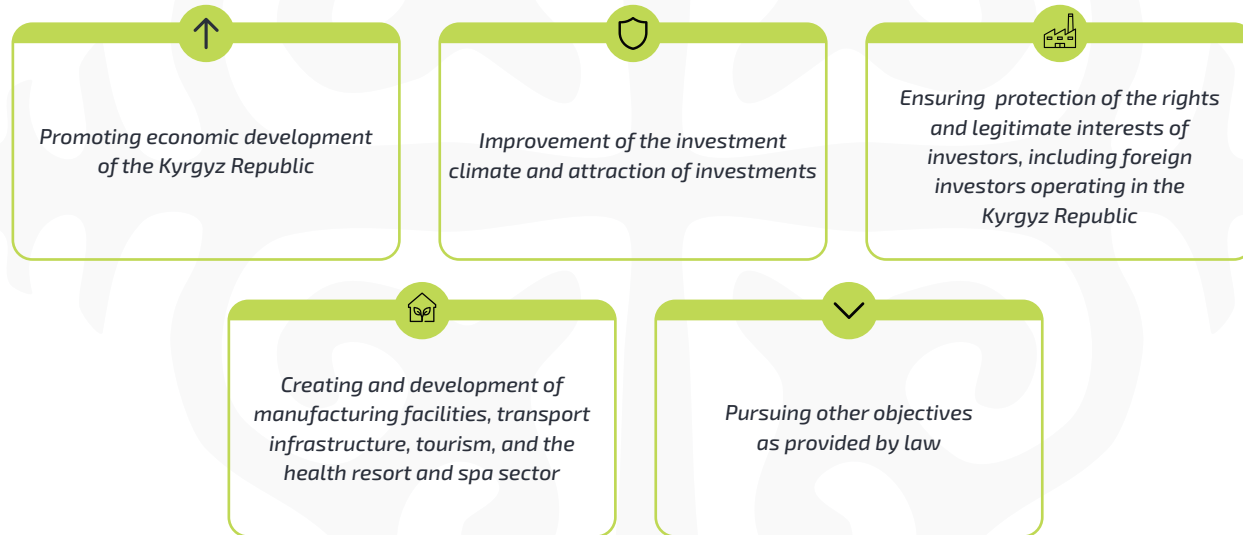
# TAMCHY SPECIAL FINANCIAL INVESTMENT TERRITORY: WHERE ISSYK-KUL'S FAVORABLE CLIMATE MEETS NEW INVESTMENT OPPORTUNITIES

On June 19, 2025, the Parliament of the Kyrgyz Republic adopted, and on July 10, 2025, the President of the Kyrgyz Republic signed, Law of the Kyrgyz Republic No. 136 "On the Tamchy Special Financial Investment Territory with a Special Legal Regime and Status" ("Law No. 136").

This article provides an overview of the Tamchy Special Financial Investment Territory with a Special Legal Regime and Status ("Tamchy SFIT"), focusing on its rationale, unique characteristics, and investment potential

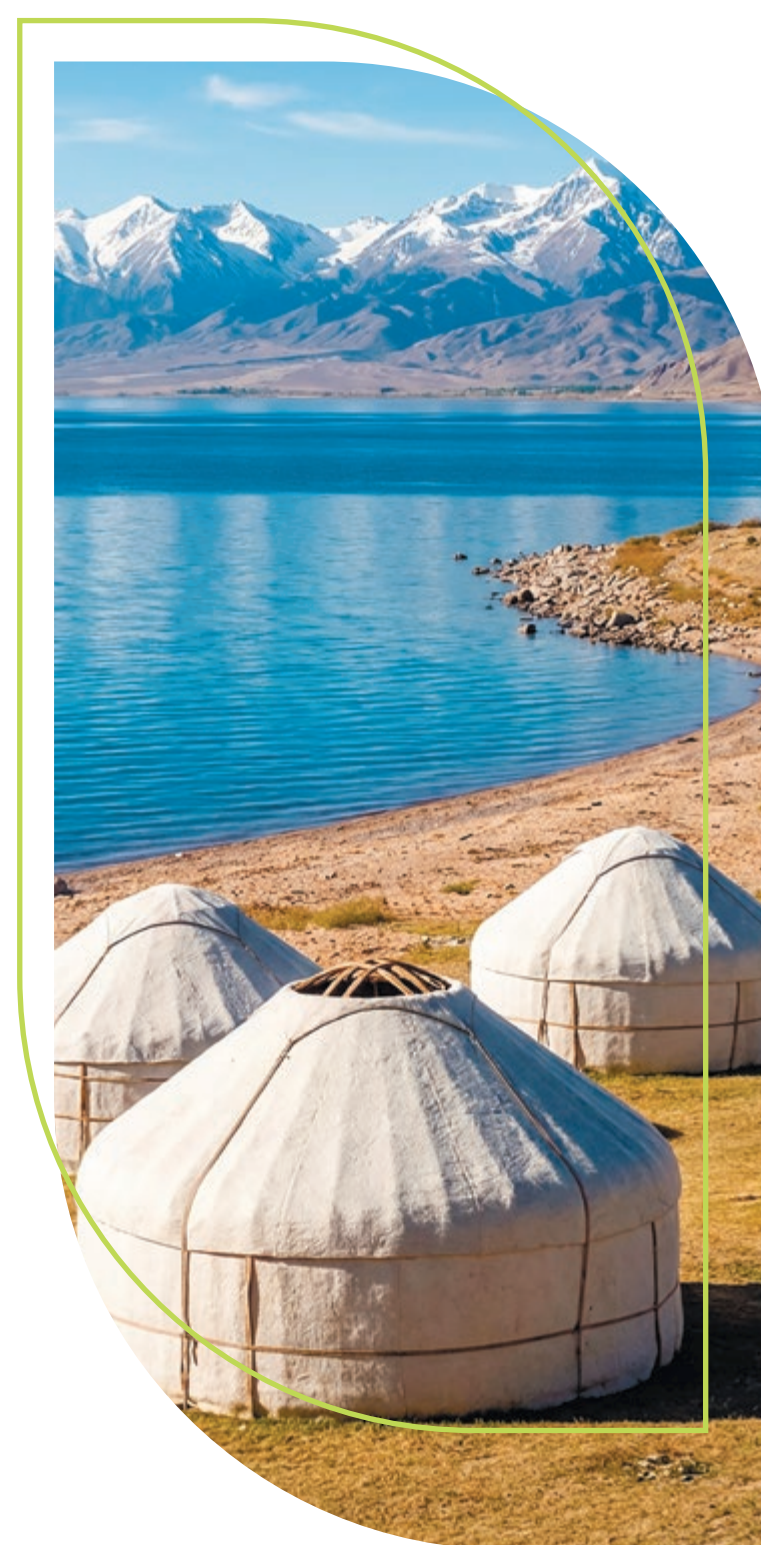
## OBJECTIVES AND PERMITTED ACTIVITIES

According to Article 5 of Law No. 136, the Tamchy SFIT was established to achieve the following objectives:



As a general principle, all commercial activities are permitted within the Tamchy SFIT, unless expressly prohibited by law. In particular, the following activities are prohibited within the territory of the Tamchy SFIT:

- production of fuels and lubricants;
- manufacture of alcoholic and tobacco products;
- manufacture, repair, and sale of weapons and ammunition, as well as manufacture and sale of explosives used in weapons production;
- import, storage, manufacture, and sale of narcotic drugs and psychotropic substances;
- exploration and extraction of mineral resources;
- manufacture, processing, storage, neutralization, and sale of radioactive, nuclear, and other hazardous materials.





## SUBJECTS OF THE TAMCHY SFIT

In order to operate within the Tamchy SFIT territory and benefit from its special legal regime and applicable incentives, one must obtain the status of a subject of the Tamchy SFIT. Such status may be granted to individuals and legal entities, including foreign ones, that are duly registered within the Tamchy SFIT and, where required, hold the appropriate licenses for the relevant permitted activities.

Law No. 136 expressly prohibits interference by state authorities and local self-government bodies of the Kyrgyz Republic in the activities of the Tamchy SFIT and its subjects. Subjects of the Tamchy SFIT are entitled to incentives and privileges of investment residents, while the organizational and legal forms of legal entities, as well as the conditions applicable to entrepreneurial activities carried out by individuals, shall be governed by separate regulatory acts adopted by the Tamchy SFIT.

## TERRITORY

The Tamchy SFIT is a part of the territory of the Issyk-Kul Region of the Kyrgyz Republic, with the boundaries determined by the President of the Kyrgyz Republic. The boundaries of the Tamchy SFIT were defined by Presidential Decree No. 305 dated November 7, 2025. Pursuant to this Decree, the territory comprises four land plots located within the Shaiybek Ata and Toru-Aigyr-Tamchy rural municipalities (ayyl aimaks) of the Issyk-Kul District of the Issyk-Kul Region, with a total area of 5,964.73 hectares.

# GOVERNING BODIES

Law No. 136 envisages the established and operation of the following main governing bodies within the Tamchy SFIT:

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## Management Council

The supreme permanent collegiate body responsible for strategy, policy and development plans, overall governance, oversight of the use of the budget and the management company internal procedures/regulations of the Council; adoption of the regulation governing the activities of the International Center for the Resolution of Disputes; appointment of the head of the management company, the Chairperson of the International Center for the Resolution of Disputes and judges; ensuring implementation of the AML/CFT framework

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## Management Company

The executive body responsible for day-to-day administration and management, including regulatory rule-making; licensing matters; budget preparation and execution; and the establishment of fees and tariffs

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## Registrar

Responsible for registration of Tamchy SFIT entities



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## International Centre for Dispute Resolution

Responsible for the resolution of disputes and the interpretation of Law No. 136 and the regulatory acts adopted by the Tamchy SFIT

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## Financial Regulator

Responsible for the regulation, licensing, and supervision of the financial market

The above governance structure of the Tamchy SFIT is indicative only, since, in fact, Law No. 136 designates only the Management Council (the "Council") as the supreme governing body. The procedure for the establishment of the Council, its composition, competence and powers, as well as the rules governing its operations, are set out in Law No. 136 and Resolution of the Cabinet of Ministers of the Kyrgyz Republic No. 609 dated 24 September 2025 ("Resolution No. 609").



The Council consists of a Chairperson and nine other members, including the Head of the Management Company. The Council must include representatives of the Kyrgyz Republic and investors. Its members may be individuals with international experience in business, finance, banking, law, insurance, accounting, capital markets, or other relevant fields of expertise.

Council members are appointed for a term of five years, with the possibility of unlimited renewals. The minimum number of Council members and the quorum required for holding Council meetings is five members. The initial appointment of Council members is made by the Chairman of the Cabinet of Ministers of the Kyrgyz Republic. The Chairperson of the Council is elected by the Council members from among themselves. Subsequent appointments to fill vacancies, extension of mandates, or appointment of the Chairperson require the approval of at least three Council members.

Notwithstanding the central role of the Council, the Management Company appears to be vested with the broadest range of powers under Law No. 136. The Management Company combines the functions of the principal executive body and, to a certain extent, the principal regulatory (rule-making) authority of the Tamchy SFIT. The CEO of the Management Company is appointed by the Chairperson of the Council.

In our view, another notable feature of the Tamchy SFIT governance frameworks is the role of the Financial Regulator, which combines the functions traditionally associated with a central bank and a financial market supervision authority. In addition, the International Center for Dispute Resolution (the "ICDR") is empowered to consider not only disputes between subjects of the Tamchy SFIT, but also disputes between parties that have no formal connection to the Tamchy SFIT, are not registered within it, and do not conduct any activities on its territory. The prerequisite for such disputes to be heard by the ICDR is an agreement between the parties to submit their dispute to the ICDR's jurisdiction.



**The ICDR consists of two components:**

- the Dispute Resolution Committee (the "Committee"); and
- the arbitration center, including an alternative dispute resolution center (the "ADR").

The ICDR has exclusive jurisdiction to consider and resolve civil and commercial disputes arising from transactions, contracts, agreements, or other legally relevant circumstances, with the exception of criminal and administrative matters. The Chairperson of the ICDR is appointed by the Council for a term of five years, with the right to unlimited renewal. The Chairperson oversees the ICDR's operational activities and also serves as the head of both the arbitration center and the ADR center within the ICDR.

**The Committee operates as a two-tier structure:**

- a first-instance committee, including a small claims committee; and
- an appellate committee.

The Chairperson and judges of the Committee may be foreign nationals. The total number of judges may not be fewer than six. They are appointed for a term of five years, with the possibility of unlimited renewal.

Decisions of the appellate committee are final and are not subject to review, supervision, or appeal before any other court in the Kyrgyz Republic. The Committee's judicial decisions are subject to enforcement within the Tamchy SFIT and throughout the territory of the Kyrgyz Republic on the basis of writs of execution issued by the Committee. Such writs of execution are final, may not be appealed and may not be reviewed or suspended by any court or authority of the Kyrgyz Republic.



## LEGAL REGIME

Under Article 2 of Law No. 136, the legal framework governing the activities of the Tamchy SFIT consists of the Constitution of the Kyrgyz Republic, Law No. 136, other regulatory legal acts of the Kyrgyz Republic, and international treaties duly entered into force to which the Kyrgyz Republic is a party. At first glance, this framework appears conventional. However, the distinctiveness of the Tamchy SFIT becomes apparent upon closer examination of the related legislative amendments.

Simultaneously with the adoption of Law No. 136, the Kyrgyz Republic enacted the Law "On Amendments to Certain Legislative Acts of the Kyrgyz Republic in Connection with the Tamchy Special Financial Investment Territory with a Special Legal Regime and Status" dated 10 July 2025 No. 137 ("Law No. 137"). Law No. 137 introduced amendments to a number of legislative acts of the Kyrgyz Republic, including the Land Code, Civil Code, Civil Procedure Code, Code on Non-Tax Revenues, Labour Code, Tax Code, and the laws "On Regulatory Legal Acts", "On Banks and Banking Activities", "On Public Procurement", "On the Licensing and Permitting System", "On the Securities Market", "On Virtual Assets", "On External Migration", "On External Labour Migration", and "On Bankruptcy (Insolvency)". As a result of these amendments:

- the laws "On the Securities Market", "On Virtual Assets", and "On Banks and Banking Activities" do not apply to financial institutions of the Tamchy SFIT, while the law "On Bankruptcy (Insolvency)" does not apply to the governing bodies of the "Tamchy" SFIT;
- the licensing procedure for Tamchy SFIT subjects is governed by Law No. 136;
- a special tax regime is introduced for Tamchy SFIT subjects, providing for full exemption from all types of taxes for 49 years from the date Law No. 136 enters into force;
- the above-mentioned codes and laws apply within the Tamchy SFIT only to the extent they are not regulated by, and do not conflict with, Law No. 136 and the acts adopted pursuant thereto;
- in the event of conflicts between Law No. 136 and a constitutional law or a code, Law No. 136 prevails;
- acts adopted by Tamchy SFIT are classified as regulatory legal acts.



Regulatory acts of the Tamchy SFIT are adopted by the Management Company and govern matters related to the operation of the Tamchy SFIT, including:

- establishment, registration, operation, and status of Tamchy SFIT subjects, conditions for conducting entrepreneurial activities by legal entities and individuals within the Tamchy SFIT;
- establishment, governance, functioning, powers and duties of the governing bodies as other authorities created within the Tamchy SFIT;
- regulation of banking, financial, insurance, and brokerage activities, including activities involving virtual assets and other types of activities, and setting the eligibility requirements for persons entitled to carry out such activities; and
- application of rules and principles of English law and other common law jurisdictions to the legal relations specified in Law No. 136.

In addition, civil-law relations (including corporate participation and/or management of Tamchy SFIT subjects), civil procedure relations, financial relations, labour relations, and procurement procedures for goods, works and services by the governing bodies are also governed by Tamchy SFIT acts, unless the parties to such relations agree otherwise. Tamchy SFIT acts must be based on the principles of English law, other common law jurisdictions, and the standards of leading global financial centers and free zones with special legal regimes.





Furthermore, Law No. 136 provides for special customs, currency, visa and migration regimes within the Tamchy SFIT, including:

- application of the free customs zone procedure throughout the entire territory of the Tamchy SFIT;
- a simplified entry and exit regime; issuance of five-year entry visas, with the possibility of extension, to foreign employees and members of governing bodies of Tamchy SFIT subjects, as well as to their family members; and
- free circulation of foreign currency and virtual assets;
- employment of foreign nationals and stateless persons by Tamchy SFIT subjects and without the requirement to obtain work permits.

On February 18, 2026 by the Resolution No. 118 of the Cabinet of Ministers of the Kyrgyz Republic, the Procedure for Ensuring Access Control, Issuance of Special Visa Categories, and Establishment of Stay Requirements at the Tamchy Free Economic Zone (the "Procedure") was approved. The said Procedure provides for the establishment of special checkpoints (road, air passenger, air cargo, and coastal) at the border of the Tamchy Free Economic Zone, through which border, customs, and other types of control shall be carried out, as well as the connection of such checkpoints to the Unified External Migration Accounting System (UEMAS). Additionally, a dual-gate system shall be operational at the Issyk-Kul International Airport, enabling entry directly onto the territory of the Tamchy Free Economic Zone without entering the rest of the territory of the Kyrgyz Republic.

The Procedure also introduces special "Tamchy" visa categories, including investment visas, business visas, visas for employees, residents, and their family members, as well as a special internal status of stay within the Tamchy Free Economic Zone. Separately, the possibility of visa-free stay within the Tamchy Free Economic Zone for up to 96 hours is provided for foreign nationals arriving through the transit zone of Issyk-Kul Airport directly onto the territory of the Tamchy Free Economic Zone. In this case, foreign nationals staying within the Tamchy Free Economic Zone under such a regime shall not be considered as having entered the territory of the Kyrgyz Republic until they pass the relevant control procedures.

Goods imported through the checkpoints of the Tamchy Free Economic Zone are placed under the customs procedure of a free customs zone. Goods exported from the Tamchy Free Economic Zone to the EAEU territory and third countries are placed under the relevant customs procedures in accordance with the legislation of the Kyrgyz Republic and applicable international acts in the field of customs affairs.





Taken together, these features establish the Tamchy SFIT as a territory with a special preferential legal regime, including the ability to develop its own regulatory framework based, inter alia, on the rules and principles of English law. On the one hand, English law is characterized by flexibility and adaptability to changing needs, with courts playing a significant role in its development. On the other hand, it built upon stable and widely recognized principles familiar to foreign investors and applied in many jurisdictions worldwide, such as the rule of law; freedom of contract and the binding force of agreements; good faith and reasonableness; equality of parties; the compensatory liability; equity, etc. Over time, English law has come to perform a role in international commerce comparable to that of the US dollar in international settlements, i.e., it functions as a "freely convertible" legal system recognized and, in one way or another, applied in numerous jurisdictions worldwide. Therefore, the establishment of a special legal regime based on common law principles provides a strong foundation for enhancing the investment attractiveness of the Tamchy SFIT.

## CONCLUSION

The Tamchy SFIT is a truly unique "project." In substance, having its own defined territory, a quasi-state governance structure, a special legal regime, and its own "population" in the form of Tamchy SFIT subjects, it has the potential to evolve into a form of "state within a state." Within the Tamchy SFIT, Kyrgyzstan offers a combination that is rare for the region: long-term tax and customs incentives; flexible currency settlements; simplified visa and migration regimes; a dedicated financial regulator and registrar; an internationally oriented dispute resolution system; and a legal framework based on the rules and principles of English law.

In our view, this configuration makes the Tamchy SFIT particularly attractive to financial institutions and fintech projects. At the same time, it is likely to be of interest to a broader range of investors operating across other sectors.

Ultimately, the future success and development of this "project" will depend, in our opinion, not only on the legislative architecture itself, but also on its practical implementation, in particular, on the quality of the regulatory acts adopted within the Tamchy SFIT and their genuine alignment with the rules and principles of English law, as well as on whether the governing bodies of Tamchy SFIT operate in a professional, efficient, predictable, lawful, transparent, independent and impartial manner. Naturally, the role of the state itself will also be critical in shaping the reputation of the Tamchy SFIT and in attracting investors and investment projects.



# ABOUT THE AUTHORS

This article was prepared by Baker Tilly Bishkek Legal jointly with the International Business Council (IBC) for the purpose of informing the business community about the legal regime and investment opportunities of the Tamchy Special Financial Investment Territory .



Baker Tilly Bishkek Legal is a law firm that is part of the Baker Tilly International network. Our team brings together experienced lawyers, tax advisers, and public-private partnership specialists, providing comprehensive legal support to businesses, investors, international financial institutions, and international organizations.

The firm specializes in corporate law, taxation, mergers and acquisitions (M&A), project finance, public-private partnerships (PPP), investment legislation, and labour law.

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The International Business Council (IBC) is a leading business association that brings together domestic and international companies operating in the Kyrgyz Republic.

The IBC represents and protects the interests of the business community, engages in dialogue with government authorities, contributes to improving the investment climate, supports legislative development, and helps foster a favorable business environment. The IBC also regularly serves as a platform for discussing key reforms and investment initiatives.

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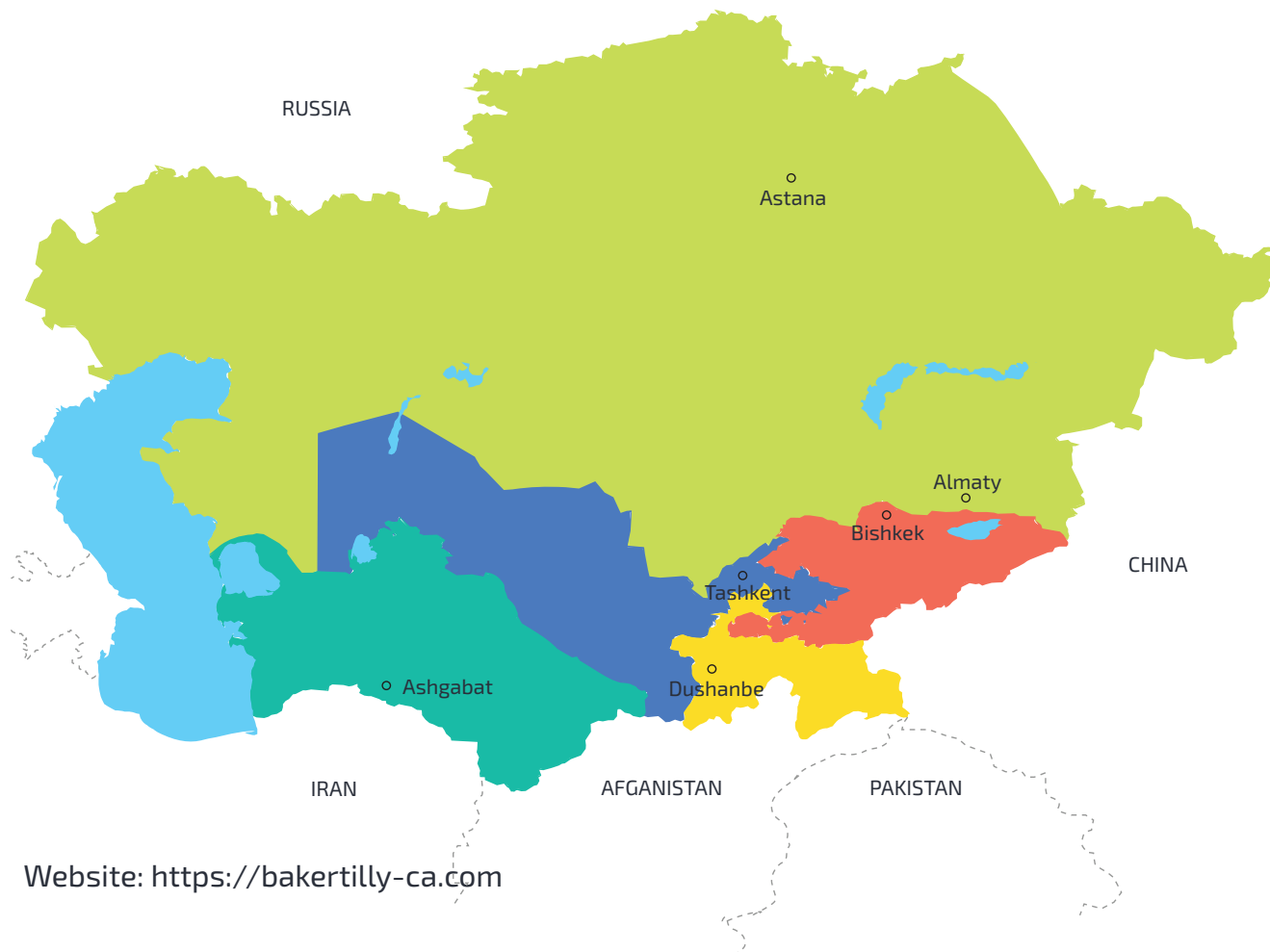
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