

Net Element, Inc.
Form 4/A
November 24, 2015

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Rakishev Kenges

(Last) (First) (Middle)

C/O SAT & COMPANY, 241
MUKANOVA STREET

(Street)

ALMATY, 1P 050008

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Net Element, Inc. [NETE]

3. Date of Earliest Transaction
(Month/Day/Year)
09/11/2015

4. If Amendment, Date Original Filed(Month/Day/Year)
09/16/2015

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
							\$
Common Stock	09/11/2015 ⁽⁵⁾⁽⁶⁾⁽⁷⁾		A		7,142,857 <u>(5)</u> <u>(6)</u> <u>(7)</u>	A	0.14 <u>(5)</u> <u>(6)</u> <u>(7)</u>
							14,843,192 <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>
						I	See Footnotes <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u> <u>(5)</u> <u>(6)</u> <u>(7)</u>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
Option (right to buy)	\$ 0.22	09/11/2015 ⁽⁸⁾		A	7,142,857 ⁽⁸⁾	09/11/2015 ⁽⁸⁾ 09/11/2020	Common Stock 7,1

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Rakishev Kenges C/O SAT & COMPANY 241 MUKANOVA STREET ALMATY, 1P 050008	X	X		

Signatures

/s/ Kenges Rakishev
11/24/2015
Date

**Signature of Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) 7,522,441 of these Shares (as defined below) are held directly by Mr. Rakishev (as defined below). "Shares" are shares of common stock of the Issuer, par value \$0.0001 per share.
- (2) 7,320,751 of these Shares are held by Novatus Holding PTE. Ltd., a private limited company organized under the laws of Singapore ("Novatus").
Kenges Rakishev, a citizen of the Republic of Kazakhstan ("Mr. Rakishev"), is the sole shareholder of Novatus. Consequently, Mr. Rakishev has voting control and investment discretion over the Shares held by Novatus. As a result of the foregoing, Mr. Rakishev may be deemed to have beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended) of the Shares held by Novatus.
- (3) Each of Mr. Rakishev and Novatus disclaim beneficial ownership of these Shares except to the extent of their respective pecuniary interest therein.
- (4) On October 7, 2015, Mr. Rakishev entered into a letter agreement, dated as of October 7, 2015 (the "Letter Agreement"), which modified certain of the terms of that certain letter agreement, dated as of September 11, 2015 (the "Investment Agreement") as further described below. The Letter Agreement stated that such modifications to the Investment Agreement were intended to be effective as of September 11, 2015. Pursuant to the Letter Agreement, Mr. Rakishev and the Issuer agreed that the share certificates representing these Shares would be not issued to Mr. Rakishev until either (a) the approval of such issuance by the Issuer's stockholders, in accordance with NASDAQ Listing Rule 5635 within 120 days from the date of the Letter Agreement, or,
- (5) (Continued from Footnote 5) (b) in the event that such stockholders approval is not obtained within such 120 days, either (at Mr. Rakishev's option) (i) the per share purchase price of these Shares will be deemed to be \$0.20, in which case Mr. Rakishev will have paid to the Issuer the difference between the previously paid purchase price for these Shares or (ii) the number of Shares issuable to Mr.
- (6)

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Rakishev will have been adjusted to reflect \$0.20 per share price. Mr. Rakishev's election to pay the additional consideration described in the immediately preceding clause (i) above would result in the purchase price per share of these Shares being increased from \$0.14 to \$0.20 and Mr. Rakishev being required to pay an additional \$428,571.40 to the Issuer for such 7,142,857 Shares.

- (7) (continued from Footnote 6) The adjustment described in the immediately preceding clause (ii) would result in the purchase price per share of these Shares being increased from \$0.14 to \$0.20 and Mr. Rakishev being issued 5,000,000 Shares instead of 7,142,857 Shares.

On October 7, 2015, Mr. Rakishev entered into an Amended and Restated Option to Purchase Shares of Restricted Common Stock with the Issuer (the "Amended Option") which modified the terms of that certain Option to Purchase Shares of Restricted Common Stock issued to Mr. Rakishev on September 11, 2015 (the "Original Option"). The Amended Option was dated as of September 11, 2015. The

- (8) Amended Option provides that it may not be exercised, and at no time shall the Issuer issue these Shares in connection with any such exercise, until and unless (i) the Issuer's stockholders shall have approved the issuance of these Shares in connection with any such exercise or (ii) NASDAQ has provided a waiver of Listing Rule 5635.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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