

Consultation Paper

AFSA-P-CE-2020-0003

Enhancing AIFC Markets and Market Infrastructure Framework

Unrestricted

11 May 2020

Introduction

1. The Astana Financial Services Authority (AFSA) has issued this Consultation Paper to seek suggestions from the market on ways to enhance AIFC markets and market infrastructure framework.
2. The proposals in this Consultation Paper will be of interest to current and potential issuers on AIFC Authorised Investment Exchange, AIFC participants who are interested in exercising business activities in or from the AIFC, Recognized non-AIFC members as well as investors and other interested parties.
3. We invite comments from interested stakeholders on the following proposals:
 - (i) decreasing base capital requirements for AIFC Authorised Firms Dealing in Investments as Principal and Dealing in Investments as Agent.
 - (ii) introducing new market segment for Regional Equity Market Segment (REMS);
 - (iii) amending the regulatory framework for sponsors and advisers;
 - (iv) amending the compliance framework for the Issuers of the Securities admitted to trading on Equivalent Recognized Exchange;
 - (v) incorporating certain clarifications and improvements in MAR that were earlier identified with the AIX;
 - (vi) amending MAR Prospectus requirements to ensure their alignment with the best international practice (UKLA standard listing); and
 - (vii) introducing miscellaneous amendments.
4. All comments should be in writing and sent to the address or email specified below. If sending your comments by email, please use “Consultation Paper AFSA-P-CE-2020-0003” in the subject line. You may, if relevant, identify the organisation you represent when providing your comments. The AFSA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise. Comments supported by reasoning and evidence will be given more weight by the AFSA.
5. The deadline for providing comments on the proposals is **10 June 2020**. Once we receive your comments, we shall consider if any refinements are required to this proposal.
6. Comments to be addressed by post:
Policy and Strategy Division
Astana Financial Services Authority (AFSA)
55/17 Mangilik EI, building C3.2, Kazakhstan
or emailed to: consultation@afsa.kz
Tel: +8 7172 613781
7. The remainder of this Consultation Paper contains the following:
 - (a) Background.
 - (b) Summary of the proposal.
 - (c) Focus Areas.
 - (d) Annex 1
 - (e) Annex 2
 - (f) Annex 3

Background

1. According to Article 2 of the Constitutional Statute of the Republic of Kazakhstan *On the Astana International Financial Centre* (the “Constitutional Statute”), the purpose of the AIFC is to establish a leading international centre for financial services. The objectives of the AIFC are as follows:
 - (1) attracting investment into the economy of the Republic of Kazakhstan by creating an attractive environment for investment in the financial services sphere;
 - (2) developing a securities market in the Republic of Kazakhstan and integrating it with international capital markets;
 - (3) developing insurance markets, banking services, and Islamic financing, in the Republic of Kazakhstan;
 - (4) developing financial and professional services based on international best practice;
 - (5) achieving international recognition as a financial centre.
2. Further development of the AIFC requires the enhancement of regulatory framework for markets and market institutions to best meet the region specificities and the market needs.
3. The Astana Financial Services Authority has a statutory mandate under Article 12 of the Constitutional Statute and Section 7 of the AIFC Financial Services Framework Regulations to: (a) ensure that financial markets in the AIFC are fair, efficient, transparent and orderly; (b) foster and maintain the financial stability of the AIFC’s financial services industry and capital markets, including the reduction of systemic risks; (c) prevent, detect and restrain actions that may cause damage to the reputation of the AIFC or to the financial activities carried out in the AIFC by taking appropriate measures, including by imposing sanctions; (d) protect interests of investors and users of financial services; (e) implement in the AIFC regulatory regime that complies with international standards in the sphere of regulation of financial services.
4. To regulate Offering Securities in the AIFC and establishing requirements for Reporting Entities (corporate governance, financial reports and market disclosure) as well as to clarify what conduct amounting to Market Abuse, in 2017 the AIFC Financial Services Framework regulations and AIFC Market Rules were approved (“Markets Framework”).
5. During 2018-2019, Markets Framework served as a foundation for admission to the Official list of Securities or to trading on an Authorised Investment Exchange and revealed certain ways for its improvements. The areas for enhancing Markets Framework in the AIFC identified by the AFSA along with its stakeholders are discussed in the following sections.

Summary

6. Enhancing AIFC Markets and Market Infrastructure Framework envisages the following steps:
- I. Decreasing base capital requirements for AIFC Authorised Firms Dealing in Investments as Principal and Dealing in Investments as Agent.
 - II. Introducing new market segment for Regional Equity Market Segment (REMS);
 - III. Amending the regulatory framework for sponsors and advisers;
 - IV. Amending the compliance framework for the Issuers of the Securities admitted to trading on Equivalent Recognized Exchange;
 - V. Incorporating certain clarifications and improvements in MAR that were earlier identified with the AIX;
 - VI. Amending MAR Prospectus requirements to ensure their alignment with the best international practice (UKLA standard listing); and
 - VII. Introducing miscellaneous amendments.

Decreasing base capital requirements for AIFC Authorised firms Dealing in Investments as Principal and Dealing in Investments as Agent

7. It is proposed to decrease the base capital requirements for AIFC authorised firms as follows:
- (a) Dealing in Investments as Principal from USD 2,000,000 to USD 500,000
 - (b) Dealing in Investments as Agent and from USD 500,000 to USD 50,000.

Introducing new market segment for Regional Equity Market Segment (REMS)

8. It is proposed to define the target issuers of REMS based on their capital needs and capacity of Kazakhstani investor market. The Securities offered by REMS issuers shall be Shares and the total aggregate consideration for the Shares offered shall be more than USD 1,000,000 (or an equivalent amount in another currency) and less than USD 200,000,000 (or an equivalent amount in another currency) calculated over a period of 12 months.
9. It is proposed further to simplify the regulatory requirements for the REMS issuers concerning:
- (a) Prospectus requirements by:
 - excluding Prospectus Summary from the Prospectus structure;
 - excluding the requirement to disclose in the Registration Documents the information about investments, production/sales trend, material contracts and share capital of the issuer; information from the constitution; information about employees, auditors, connected persons, related party transactions; details on research and development and other significant matters relating to the issuer, concurrent offers by directors of the Issuer. REMS issuers will be required to produce audited financial statements covering only one most recent financial year, as opposed for 3 years for the other issuers.
 - excluding the requirement to disclose in the Securities Note the information about risk factors of the securities, financial condition, creditworthiness of the Issuer and guarantees; information relating to other rights; full section on other information.
 - (b) Listing requirements set in Business Rules of an Authorised Investment Exchange by:
 - waiving the requirement to demonstrate net profit during the preceding 3 years;
 - reducing a minimum free float level to 15 per cent of share capital (from 25 per cent of share capital); and

- waiving the requirements related to controlling shareholder.
 - (c) Compliance framework by:
 - postponing the publication of the first annual report by 2 months.
10. Prospectus shall explicitly demonstrate that it is REMS Prospectus.

Amending the regulatory framework for sponsors and advisers

11. It is proposed to:
- (a) replace the current sponsors and compliance adviser's framework with a single *certified adviser* framework. MAR shall prescribe the basic principles for certified advisers.
 - (b) grant the AFSA and an Authorised Investment Exchange power to require a Person that intends to have Securities admitted to the Official list of Securities or admitted to trading on an Authorised Investment Exchange to appoint a certified adviser for guiding the Person through the listing and admission process to an Authorised Investment Exchange and its subsequent ongoing obligations as Reporting Entity;
 - (c) grant the AFSA and an Authorised Investment Exchange power to require a Reporting Entity that has been held to have breached the Acting Law of the AIFC and/or Authorised Market Institutions Rules to appoint a certified adviser for a specified period to assist the Reporting Entity with its ongoing obligations.
12. The appointment of a certified adviser will not be required for certain types of potential issuers:
- (a) Exempt Offerors;
 - (b) Financial Institution;
 - (c) the Securities of the Person have been admitted to the Official List or admitted to trading on an Equivalent Regulated Exchange.
13. A person shall be certified as an adviser if he:
- (a) has sufficient financial and non-financial resources;
 - (b) meet fitness and propriety requirements for key officers and directors;
 - (c) has minimum number of qualified employees who must undertake education and training provided by an Authorised Investment Exchange regarding the respective regulatory requirements;
 - (d) has systems and controls in place;
 - (e) has professional indemnity insurance.

Amending the compliance framework for the Issuers of the Securities that have been admitted to trading on Equivalent Recognized Exchange

14. It is proposed to introduce in MAR a provision stipulating that a Reporting Entity, whose Securities or the Securities of the same Class admitted to trading on Equivalent Regulated Exchange is not required to make any additional disclosure under AIFC market disclosure rules and regulations and/or an Authorised Investment Exchange provided that all the following conditions are met:
- (a) the Reporting Entity complies with requirements of market disclosure rules and regulations in the jurisdiction of such Equivalent Regulated Exchange and
 - (b) the same information is released on the Authorised Investment Exchange at the same time as in that other jurisdiction, subject to the manner of market disclosure and English language requirement prescribed in the Business Rules of the Authorised Investment Exchange.
15. Notwithstanding that, AFSA and/or an Authorised Investment Exchange, in their reasonable

discretion, will be able to request the Reporting Entity to make additional disclosures when it is necessary to protect the interests of investors or other lawful purposes.

16. The framework for a Reporting Entity, whose Securities or Securities of the same class have been admitted to trading on Equivalent Regulated Exchange shall also envisage that if a Reporting Entity is in breach of the requirements of, or released from disclosure obligations (as a result of delisting or otherwise) under, market disclosure rules and regulations in the jurisdiction of the relevant Equivalent Regulated Exchange, the Reporting Entity must comply with all relevant market disclosure rules set in FSFR and MAR as well as in the Business Rules of the Authorised Investment Exchange.

Incorporating certain clarifications and improvements in MAR that were earlier identified with the AIX

17. It is proposed to incorporate in MAR the following amendments:
 - (a) to expand the list of Exempt Securities (Prospectus is not required) by including the Securities envisaged for private placement framework (MAR 1.1.2(2)) with the following changes:
 - (i) specify that the exemption for Retail Offerings (up to 50 investors) is only available for Securities registered in the AIFC;
 - (ii) set out the threshold of total aggregate consideration for the offer of Securities not more than USD 1 mln, or an equivalent amount in another currency, calculated over a period of 12 months.

For the sake of clarity, the amendments proposed under (i) and (ii) above will not affect MAR 1.1.2(2) itself. The amended provisions will be introduced into MAR 1.2.2 (Exempt Securities).

- (b) to allow an Authorized Investment Exchange to approve a Prospectus when it is produced under legislation in a jurisdiction other than the AIFC provided that the Prospectus contains information equivalent to that which is required in FSFR and MAR and the offeror meets all the other requirements relating to a Prospectus as prescribed in FSFR and MAR;
 - (c) to replace the requirement to sign the annual report by at least 2 Directors of the Reporting Entity with a body competent to decide on such matters under the Reporting Entity's constitutive documents and/or applicable law;
 - (a) to extend the validity period of an Expert report on the assets or rights owned by the Issuer from 3 to 6 months (Prospectus requirements for Registration document).
18. Corporate governance issue concerning shareholder approval under MAR 2.3.4 (Reduction of share capital), MAR 2.3.8 (Other matters requiring shareholder approval), and MAR 2.5.3 (Related party transaction procedures) is to be amended based on the consultations with public and results of benchmark analysis of UKLA requirements for standard listing. Consultation process will be held in May – June 2020. The requirement to have shareholder approval could be changed to the approval by the Board (related party transactions), notification of the shareholder or could be deleted if there are no such requirements in the benchmark jurisdiction or compliance with such requirements will be too onerous for the Reporting entities.

Amending MAR prospectus requirements to ensure their alignment with the best international practice (UKLA standard listing)

19. It is proposed to exclude from the MAR the requirement to disclose in the Registration Documents the following information:
 - (a) details of any major customers, suppliers or other material dependencies of the Issuer;
 - (b) a summary of the provisions of the constitution of the Issuer including any arrangements by which a single investor or group of investors may exercise significant

influence over the Issuer and any other aspects of the constitution of the Issuer which may be relevant to investors.

- (c) directors' powers under the constitution;
- (d) any recent events particular to the Issuer and which are to a material extent relevant to the evaluation of the Issuer's solvency; and
- (e) the date on which the Prospectus was signed by the Directors of the Issuer.

Introducing miscellaneous amendments

- 20. *The approval and publication of a Prospectus by an Authorized Investment Exchange.* It is proposed to add additional provisions stipulating the order and timescales for approval.
- 21. *The time-period for making market disclosure.* It is proposed to extend the deadline for submission of annual reports from 120 to 150 days after the end of the financial period and for semi-annual reports from 60 to 75 days after the end of the period to which the report relates.
- 22. *Market disclosure requirements.* MAR lists the reports that a Reporting Entity might be required to prepare, including its preliminary financial results. It is proposed to keep mandatory disclosure of financials / annual reports at the MAR level. The rest, including voluntary disclosure of preliminary financial results shall be regulated by Business Rules of an Authorized Investment Exchange.

Focus Area

I. *DECREASING BASE CAPITAL REQUIREMENTS FOR AIFC AUTHORISED FIRMS DEALING IN INVESTMENTS AS PRINCIPAL AND DEALING IN INVESTMENTS AS AGENT*

Status quo

23. AIFC PRU INV (AIFC Prudential Rules for Investment Firms) 3.3(b) establishes the Minimum Capital Requirement of PRU Dealing Investment Firm (Dealing in Investments as Principal and Dealing in Investments as Agent) is equal to the sum of:
- (a) its Base Capital Requirement;
 - (b) its Credit Risk Capital Requirement;
 - (c) its Market Risk Capital Requirement; and
 - (d) its Operational Risk Capital Requirement.

Table 1.1. AIFC PRU INV base capital requirements

Dealing In Investments as Principal, unless such activities are limited to matching client orders and the AFSA determines that it is appropriate in all the circumstances to apply a lower Base Capital Requirement	2,000,000 USD
Dealing In Investments as Principal, where such activities are limited to matching client orders and the AFSA determines that it is appropriate in all the circumstances to apply a lower Base Capital Requirement than above	500,000 USD
Dealing In Investments as Agent	500,000 USD

Problem

24. The analysis conducted by the Investment Solutions department of the AIFC Authority demonstrates that the base capital requirements set by the AFSA are high by regional standards and could be decreased consistent with international standards.
25. Annex 1 summarise the comparative analysis of base capital requirements established in Belarus, Ukraine, Kyrgyzstan, Estonia, Latvia, Russia and Kazakhstan.
26. Annex 2 summarise the comparative analysis of base capital requirements established in such jurisdictions as Singapore, Hong Kong, Luxembourg, UK, QFC, DIFC and ADGM for authorised firms Dealing in Investments as Principal and Dealing in Investments as Agent.

Proposal

27. Taking into account the risk profile of AIFC authorised firms, it is proposed to decrease the base capital requirements as set out below:

Dealing In Investments as Principal, unless such activities are limited to matching client orders and the AFSA determines that it is appropriate in all the circumstances to apply a lower Base Capital Requirement	500,000 USD
Dealing In Investments as Principal, where such activities are limited to matching client orders and the AFSA determines that it is appropriate in all the circumstances to apply a lower Base Capital Requirement than above	50,000 USD
Dealing In Investments as Agent	50,000 USD

QUESTION

1. Do you have any concerns relating to the decrease of the base capital requirements for AIFC Authorised Firms Dealing in Investments as Principal and Dealing in Investments as Agent?

II. INTRODUCING NEW MARKET SEGMENT FOR REGIONAL EQUITY MARKET SEGMENT (REMS)

Status quo

28. The central objective in drafting capital markets framework has been to create a regime which has regard to what is considered to be international best practice in the field of markets regulation. That meant ensuring that the rules and guidance drafted are broadly in line with the international models (ADGM, DIFC).
29. Under the AIFC regulatory framework for capital markets, FSFR provides the architecture and enabling provisions that permits the detailed regime in MAR to be constructed.
30. Part 6 FSFR sets forth the high-level requirements for offering securities in the AIFC, admission to trading requirements as well as ongoing obligations of Reporting entities.
31. MAR specifies the conditions for offering Securities with or without Prospectus as well as trading securities in the AIFC. Prospectus' contents and format explained in detail in MAR and its Schedules. Each prospectus shall have 3 documents: Prospectus summary, Registration document and Securities note.
32. The Prospectus summary must contain the following four sections: (1) introduction; (2) key information about the Issuer; (3) key information on Securities and (4) key information on the admission to trading. More than 40 items, including key risk factors shall be disclosed in the Prospectus Summary.
33. The Registration Document for the issuance of shares must contain 10 sections covering: (1) detailed information about the issuer; (2) its operational financial overview including risk factors; (3) constitutional and organisational structure; (4) and (5) detailed information about assets and capital; (6) break down of management of the issuer; (7) financial information about the issuer; (8) other information relating to the issuer; (9) responsibility for the content of prospectus; and (10) documents on display. Overall, 117 items shall be disclosed by the issuer in its Registration Document.
34. The Securities Note for issuance of shares has its own structure containing 5 sections and covering: (1) key information about securities including working capital statement; (2) information relating to the securities offered/admitted to trading; (3) terms and conditions of the offer; (4) other information; (5) admission to trading. Overall, 88 items shall be disclosed by the issuer in its Securities note.
35. Section 81 FSFR sets forth that if a person has Securities admitted to an Official List, this

person becomes a Reporting Entity. Sections 82-85 provide for a set of requirements for Reporting Entities in relation to (a) governance; (b) market disclosure (financial information, Inside Information and any other information or material change which occurs in relation to a Reporting Entity); (c) financial reports and (d) sponsor and compliance advisers. MAR 2-4 elaborate those requirements to Reporting Entities.

Problem

36. Based on the AIX's experience in 2018-2019, it is expected that in medium term larger issuers will be primarily listed on the Equivalent Recognized Exchanges and cross-listed on AIX. The business that could potential use the AIX platform to raise funds are medium-sized companies.
37. It can be argued that the recent developments in the capital markets both domestically and internationally related to the COVID-19 outbreak might (i) lead to an increase in the number of medium-sized companies seeking financing and (ii) lead to an increase in demand for a simpler and a more cost-efficient way for businesses to raise funds.
38. The current regulatory framework proved to be quite efficient and robust for premium listing environment (for example, the recent listings and cross-listings of equity securities of Kazatomprom, Polymetal, Halyk Bank, FerroAlloy). However, prospective medium-sized issuers have expressed their concerns related to high costs (although exact amounts have not been defined) and complexity for production of the premium-style Prospectus and listing eligibility criteria, which do not reflect the size and sophistication of their businesses or volumes of the proposed offerings.
39. Therefore, a change in the regulatory approach is required to address the needs of Kazakhstani business to attract funds and support the development of the capital market in the AIFC.
40. This requires the AFSA to develop a standalone regulatory framework for medium-sized companies to make the AIFC prospectus and ongoing disclosure requirements simpler, less costly and less time consuming. At the same time, the proposed new framework must not jeopardize the AFSA's regulatory objectives to protect investors, promote market integrity, and ensure fair and transparent market activities.

Best Practice

London Stock Exchange

41. AIM (a market operated by the exchange) opened on 19 June 1995. AIM is a market for smaller and growing companies and is a multilateral trading facility within the meaning set out in the Handbook of the FCA and is a SME growth market. AIM is operated and regulated by the Exchange in its capacity as a Recognised Investment Exchange under Part XVIII of FSMA 2000, as such AIM is a prescribed market under FSMA 2000.
42. More than 3,500 companies have joined AIM in its 20-year history having raised over £90 billion through new and further issues to support their growth and development. That makes AIM undoubtedly the most successful public equity market for growth companies anywhere in the world. Central to the development and success of AIM have been:
 - a network of advisers and liquidity providers who understand the needs of growing companies and are able to support them throughout their journey as a public company;
 - a regulatory approach that recognises the needs and capacities of growth companies; and
 - a diverse and highly knowledgeable investor base that can effectively provide capital to support growing companies. AIM companies have access to a range of institutional investors, a vibrant cohort of retail investors and, thanks to London's unique status, an unparalleled pool of international capital.
43. AIM's regulatory structure, tailored to the needs of growing companies, allows businesses to cost-effectively raise capital at admission and throughout their life on AIM. Rather than prescriptive entry criteria, for example on minimum size, trading history or free float,

companies must demonstrate their readiness and suitability to join a public market. To join AIM, companies are not required to have a particular financial track record or trading history. And, once admitted to AIM, the ongoing responsibilities continue to remain straightforward and are aimed at encouraging growth. Integral to both the admission process and life on AIM is the fact that the company must work closely with its nominated adviser ('Nomad') to ensure that its actions are fair and reasonable for shareholders.

44. Over half of all funds raised on AIM have been raised by companies already admitted to the market. This underlines AIM's credentials as a source of repeat financing for businesses from a pool of investors that acutely understand the needs and development trajectory of growth companies.

Nasdaq First North Growth Market

45. As a part of MiFID II, the European Union is introducing a new marketplace category called SME Growth Markets. SME Growth Markets represents a new type of multilateral trading facilities (MTFs) and includes a set of regulatory alleviations aiming to give European SMEs better access to public equity finance. At least 50 percent of its issuers should be SMEs as defined by the European Union, i.e. companies with a market cap of €200 Mn or less.
46. The long term ambition with SME Growth Markets is to reduce the administrative burden for SMEs and make it easier to both raise capital in the public market and to operate in a public environment. The current SME Growth Market regulation includes alleviations in two key legislations: the Market Abuse Regulation (MAR) and the Prospectus Regulation.
47. The alleviations within MAR aim to achieve a balance between reducing the administrative burden for SMEs, for example relating to insider lists and storage of information, while at the same time ensuring that market integrity and investor protection is maintained.
48. Issuers on First North MTF are subject to the rules of different segments of First North MTF but not the requirements for admission to trading on a regulated market.
49. For more than ten years Nasdaq First North has served as an important growth platform, enabling Nordic and international entrepreneurs to access growth capital to develop and expand their businesses. There is a well-functioning ecosystem surrounding Nasdaq First North, with advisers facilitating a smooth listing process and a range of investors supporting the market, from retail investors to institutional capital
50. On average, more than five companies grow and transfer from First North Growth Market to the Main Market each year. By listing on the Main Market, companies benefit from increased visibility and investor exposure, and Nasdaq's efficient and independent surveillance of issuers, members and trading.

Singapore Exchange

51. *Catalist* was established in November 2007 and is one of the two boards of the Singapore Exchange (SGX). Modelled after London's Alternative Investment Market (AIM), its sponsor-based regime is similar to AIM's system of regulation through nominated advisers. Its name reflects its vision of being a platform that catalyses the growth of young companies by giving them access to financing, and hopefully a transfer to the mainboard.
52. Companies seeking a primary listing on the *Catalist* must be brought to list by authorised Full Sponsors via an initial public offering (IPO) or a reverse takeover. There are no quantitative entry criteria required by SGX. Instead, Full Sponsors decide if the listing applicant is suitable to be listed.
53. *Catalist* listing has certain attractions comparing to mainboard. The admission requirements are less *demanding* and the listing process faster, with less involvement of SGX in vetting listing applications. Further, the initial and annual listing fees are lower, which may help offset the cost of a continuing sponsor. In addition, the continuing listing rules are less stringent in certain areas, including the absence of a Watch-list, number of Singapore-resident independent directors for foreign issuers, general share issue mandate, share and share option schemes, major transactions, and very substantial transactions or reverse

takeovers. These reduce the risk of a mandatory delisting, provide more flexibility, allow companies to execute transactions more speedily, and lower compliance costs.

54. However, the less stringent rules adversely affect investor protection and the quality of the Catalist board. They may also encourage companies that meet the Mainboard requirements to list or remain on Catalist. In fact, SGX has indicated that transferring to Catalist is an option for companies that are on the Watch-list, or at risk of being placed on it. According to *Teen and Lai (2019)*, 8 of the 23 companies that transferred from the Mainboard to Catalist between 2015 and 2018 were already on the Watch-list at the time of transfer and the remaining 15 companies were at risk of heading to the Watch-list.

New Zealand Exchange

55. The AIX team has conducted a high-level analysis of the best practice related to stock exchanges whose focus is mid-cap issuers, including independent benchmarking analysis by external legal counsel. They determined that either the legislation or the practical application of the legislation in New Zealand, Australia and continental Europe are better suited for medium-sized enterprises seeking financing through stock exchange in comparison to the current AIFC/AIX regime and practice. The prospectuses are typically 4-8 times shorter than those of the AIX or LSE listed companies (and the New Zealand approach limits the volume of product disclosure statement to 60 pages or 30,000 words). The overarching regulatory framework in the above mentioned jurisdictions requires disclosures to be “clear, concise and effective”. As a result, prospectuses produced there are more readable and user-friendly; there is less burden in terms of listing and compliance obligations.

Statistics

	AIM LSE	Nasdaq First North Growth
Trading started	June 1995	June 2006
Number of Listed Companies (new in 2019)	863 (23)	358 (41)
Market Value	104,2 bn GBP	26,5 bn EUR
Average Daily Value	235,3 mln GBP	43 mln EUR
Average Daily Trades	40 276	34 550
Average Daily Trade Size	2 447,9 GBP	1 258 EUR
Capital Raised in IPOs (2019)	489 mln GBP	105 mln EUR
Money Raised by Sectors (most popular in 2019):		
<i>Technology</i>	<i>14,00 mln GBP</i>	<i>18,98 mln EUR</i>
<i>Basic Materials</i>	<i>0,00 mln GBP</i>	<i>3,33 mln EUR</i>
<i>Health Care</i>	<i>45,82 mln GBP</i>	<i>52,88 mln EUR</i>
<i>Financials</i>	<i>67,17 mln GBP</i>	-
<i>Industrials</i>	<i>56,73 mln GBP</i>	<i>22,64 mln EUR</i>
<i>Consumer Goods</i>	<i>121,11 mln GBP</i>	<i>7,42 mln EUR</i>
<i>Consumer Services</i>	<i>61,60 mln GBP</i>	-

Proposal

56. Considering the practice of international exchanges for growing markets it is proposed to:
- define the targeted issuers;
 - simplify the Prospectus, listing and compliance regime for targeted issuers;
 - oblige the targeted issuers to appoint advisers for guiding them through the listing and admission process of an Authorised Investment Exchange and their subsequent

ongoing obligations as Reporting Entities (discussed in *Part: Amending regulatory framework for sponsor and advisers* below).

57. It is proposed to define the target issuers based on their capital needs and capacity of Kazakhstani investor market. The Securities offered shall be Shares and the total aggregate consideration for the Shares offered shall be more than USD 1mln (or an equivalent amount in another currency) and less than USD 200 mln (or an equivalent amount in another currency) calculated over a period of 12 months. The new segment of offerings is proposed to call “Regional Equity Market Segment” (“REMS”).

Simplifying the Prospectus, listing and compliance regime for targeted issuers

58. TBased on the requirements to AIM on LSE and taking into account the specificities of Kazakhstani business, the AFSA team analysed the simplified Prospectus proposed by the AIX and agreed with its contents. Annex 3 provides the full list of the proposed Prospectus requirements for
59. It is proposed to simplify the regulatory requirements for the REMS issuers concerning:
- (a) Prospectus requirements by:
- excluding Prospectus Summary;
 - excluding the requirement to disclose in the Registration Documents the information about investments, production/sales trend, material contracts and share capital of the issuer; information from the constitution; information about employees, auditors, connected persons, related party transactions; details on research and development and other significant matters relating to the issuer, concurrent offers by directors of the Issuer (please see Table 1 above). REMS issuers will be required to produce audited financial statements covering only one most recent financial year, as opposed for 3 years for the other issuers.
 - excluding the requirement to disclose in the Securities Note the information about risk factors of the securities, financial condition, creditworthiness of the Issuer and guarantees; information relating to other rights; full section on other information (please see Table 2 above).
- (b) Listing requirements set Business Rules of an Authorised Investment Exchange:
- waiving the requirement to demonstrate net profit during the preceding 3 years;
 - reducing a minimum free float level to 15 per cent of share capital (from 25 per cent of share capital); and
 - waiving requirements related to controlling shareholder.
- (c) Compliance framework:
- postponing the publication of the first annual report by 2 months.
60. Prospectus shall explicitly demonstrate that it is REMS Prospectus.

QUESTIONS:

- 2. Do you have any concerns relating to the introduction of new segment Regional Equity Market Segment (REMS)**
- 3. Do you have any concerns relating to the definition of targeted issuers?**
- 4. Do you have any concerns relating to the simplification of prospectus, listing and compliance requirements for REMS issuers?**
- 5. Do you have other proposals for introducing REMS segment?**

III. **AMENDING REGULATORY FRAMEWORK FOR SPONSORS AND ADVISERS**

Status quo

61. Section 85 of the FSFR provides that the AFSA may, where it considers it appropriate to do so, require that a Reporting Entity or a person that intends to have securities admitted to an Official list of securities or admitted to trading on an Authorised Investment Exchange appoints an authorised firm or accredited firm to act as a sponsor or compliance adviser.
62. Section 85(2) of the FSFR gives the AFSA the power to make rules relating to the appointment of a sponsor or compliance adviser and the requirements applicable to the reporting entity and the sponsor or compliance adviser upon such appointment. The rules in MAR 4 are made pursuant to article 85.
63. MAR 4.1 (Sponsors) covers, amongst other things, the following: (a) the procedure relating to the appointment of a sponsor; (b) the independence of the sponsor; (c) the obligations of the sponsor (including to satisfy itself that the person seeking to have Securities admitted to trading has satisfied the conditions in MAR); (d) the duty to co-operate with sponsors; and (e) the duty to notify the AFSA of the termination of the sponsor's employment or the sponsor's resignation.
64. MAR 4.2 (Compliance Advisers) covers amongst other things, the following: (a) the procedure relating to the appointment of a compliance adviser; (b) the obligation of Reporting Entities to provide information about the compliance adviser to the AFSA; (c) the obligation of the Reporting Entity to co-operate with the compliance adviser; and (d) the duty to notify the AFSA of the termination of the compliance adviser's employment or their resignation.
65. In 2019 the AFSA introduced a guidance in MAR 4.1.1 clarifying that the AFSA will not require a Person that intends to have Securities admitted to the Official list of Securities or admitted to trading on an Authorised Investment Exchange to appoint a sponsor unless the Person:
 - (a) does not have a proven track record or
 - (b) has been in operation for less than 3 (three) years,but not including cases where such Person meets one of the following criteria:
 - (i) the Person falls within the definition of Exempt Offerors or Financial Institution; or
 - (ii) the Securities of the Person have been admitted to the Official List or admitted to trading on an Equivalent Regulated Exchange.
66. In 2019 the AFSA also introduced a guidance in MAR 4.2.1 clarifying that the AFSA may require the appointment of a compliance adviser where a Reporting Entity has been held to have breached the Acting Law of the AIFC and/or Authorised Market Institutions Rules.

Problem

67. The AFSA agreed to waive the requirements to appoint a sponsor/adviser due to:
 - (a) the lack of qualified sponsors/advisors on the local market;
 - (b) the fact that the costs of attracting foreign sponsors/advisors will be too high for potential issuers;
 - (c) the need to clarify AIFC requirements for sponsor and compliance adviser's (qualification, experience, resources).
68. Consequently, as of now the sponsor and advisory framework designed mainly for new companies or with little experience does not work in the AIFC. It could potentially lead to negative implications from both sides: issuers and investors. Issuers admitted to an

Authorised Investment Exchange might not be aware about some of their ongoing obligations and could be penalised by the AFSA for breaching the AIFC law. At the same time, investors might lack of full, correct or timely information that the issuers included in their prospectus.

Best Practice

69. Analysis of advisory/sponsorship framework in different jurisdictions demonstrates that requirements in terms of financial resources, employees' qualifications and experience could vary depending on maturity of capital markets and regulatory landscape.
70. *Singapore Exchange Limited* introduced 2 types of sponsors to assess the suitability of companies to list on Catalist (platform for growth firms) and imposed quite high eligibility criteria for full and continuing sponsorship. Minimum base capital requirements are USD 500,000 and USD 250,000 respectively and sufficient professional indemnity insurance to cover its proposed sponsor activities. Among other criteria to sponsors are the physical presence in Singapore, fitness and propriety requirements for key officers and directors, requirement to have experience as a Lead Issue Manager (full sponsorship) or experience in corporate finance or compliance advisory work (continuing sponsorship), requirements to have in place systems and controls, sufficient skill and resources, including minimum number of qualified employees.
71. *London Stock Exchange* introduced a nominated advisers (NOMAD) framework to advise, educate and guide companies applying to AIM (platform for smaller growing companies) through the admission process and the subsequent life of these companies as public entities. LSE sets strict criteria for becoming an AIM Nomad, in order to safeguard the integrity of the market, and to ensure that existing and prospective AIM companies have access to the high-quality advice they deserve. A Nomad is the primary regulator of an AIM company, making the role demanding yet rewarding. A legal entity seeking approval as a nominated adviser must (a) have practised corporate finance for at least the last 2 years; (b) have acted on at least 3 relevant transactions during that 2-year period; (c) employ at least 4 qualified executives. LSE must be satisfied that the applicant: (i) is capable of being effectively supervised by the LSE; (ii) has appropriate financial and non-financial resources; and (iii) has in place procedures, systems and controls, has sufficient staff and retains sufficient records.
72. *Nasdaq First North Growth Market* obliged all companies applying to be admitted to trading on Nasdaq First North Growth Market to engage a certified adviser. The certified adviser is responsible for guiding and supporting the company in the listing process and once the company's shares have been admitted to trading, the certified adviser's assignment is to support and ensure that the company continuously complies with the rules and regulations. A legal entity seeking approval as a certified adviser must (a) have sufficient financial resources to carry out its ongoing business for a period of at least 12 months and fulfil its regulatory requirements; (b) employ at least 2 designated contact persons. These persons shall: (i) be deemed as fit and proper; (ii) have at least 2 years' experience of issuers' disclosure obligations, compliance, capital structure, strategy, acquisitions and sale of companies, or related consultancy services; (iii) possess proven experience within the last 2 years of at least one equity-based transaction involving preparation of information material intended to be made available to the market; and (iv) attend a seminar and undertake education and training provided by the Exchange regarding the Rules and other relevant requirements; (c) have the necessary policies, systems and controls in place.

Statistics

	AIM London Stock Exchange	Nasdaq First North Growth	Singapore Exchange Limited
Nomads	> 900		
Certified Advisers		> 50	
Sponsors			> 50

Proposal

73. It is proposed to:
- (a) replace the current sponsors and compliance adviser's framework with a single *certified adviser* framework. MAR shall prescribe basic principles for certified advisers.
 - (b) grant the AFSA and an Authorised Investment Exchange power to require a Person that intends to have Securities admitted to the Official list of Securities or admitted to trading on an Authorised Investment Exchange to appoint a certified adviser for guiding the Person through the listing and admission process to an Authorised Investment Exchange and its subsequent ongoing obligations as Reporting Entity;
 - (c) grant the AFSA and an Authorised Investment Exchange power to require a Reporting Entity that has been held to have breached the Acting Law of the AIFC and/or Authorised Market Institutions Rules to appoint a certified adviser for a specified period to assist the Reporting Entity with its ongoing obligations.
74. The appointment of a certified adviser will be not required for certain types of potential issuers:
- (a) Exempt Offerors;
 - (b) Financial Institution;
 - (c) the Securities of the Person have been admitted to the Official List or admitted to trading on an Equivalent Regulated Exchange.
75. A person shall be certified as an adviser if the person:
- (a) has sufficient financial and non-financial resources;
 - (b) meet fitness and propriety requirements for key officers and directors;
 - (c) has minimum number of qualified employees who must undertake education and training provided by an Authorised Investment Exchange regarding the respective regulatory requirements;
 - (d) has systems and controls in place;
 - (e) has professional indemnity insurance.

QUESTIONS:

- 6. Do you have any concerns relating to the introduction of a new framework for sponsors and compliance advisers in the AIFC?**
- 7. Do you have other proposals on amending the regulatory framework for sponsors and advisers?**

IV. AMENDING THE COMPLIANCE FRAMEWORK FOR THE ISSUERS OF THE SECURITIES ADMITTED TO TRADING ON EQUIVALENT RECOGNIZED EXCHANGE

Status quo

76. FSFR envisages that certain types of securities could be admitted to trading without a prospectus. One of such cases is set out in MAR 1.2.2(1)(h) which specifies conditions to be exempted from prospectus requirements (exempted securities).
77. MAR 1.2.2(1)(h) specifies that an Authorised Investment Exchange may admit Securities to trading without Prospectus if that Securities already admitted to trading on another Authorised Investment Exchange, Recognised Non-AIFC Market Institution or other

Equivalent Regulated Exchange (“the other market”), where:

- (i) the Securities, or Securities of the same class, have been admitted to trading and continuously traded on the other market for more than 18 months; and
 - (ii) the ongoing obligations for trading on that other market have been complied with; and
 - (iii) the Person requesting the admission to trading of the Securities under this exemption makes available to the public in accordance with MAR 1.7 a Prospectus Summary in accordance with MAR 1.4 (Prospectus Summary) in the English language, which is approved by Authorised Investment Exchange and which states where the most recent Prospectus can be obtained and where the financial information published by the Issuer pursuant to its ongoing disclosure obligations is available.
78. “Equivalent” Regulated Exchange means that investors in Securities admitted to trading on the facilities of such Regulated Exchange are afforded protection equivalent to that which they would be afforded if the Issuer were required to comply with MAR 1.1.1(b) without regard to MAR 1.2.2(1)(h), having regard to the law and practice of the country or territory in which the head office of the Regulated Exchange is situated and to its rules and practice.
79. According to the AFSA Notice 0004 of 2019, the List of Regulated Exchanges determined to be Equivalent and Securities to be admitted to the Official List maintained by the Astana International Exchange (AIX) without a Prospectus, where such securities meet requirements under (i), (ii) and (iii) of MAR 1.2.2(h) include the following:
- (a) Shares, Debentures and Certificates admitted to trading on the main market of the London Stock Exchange (LSE);
 - (b) Shares admitted to trading on the AIM (Alternative Investments Market) of the London Stock Exchange (LSE);
 - (c) Shares and Debentures admitted to trading on the Euronext Dublin;
 - (d) Shares admitted on Main Board and Growth Enterprise Market (GEM) of the Hong Kong Stock Exchange (HKEX);
 - (e) Shares admitted on Main Board of the Shanghai Stock Exchange (SSE).

Problem

- 80. Reporting entities whose Securities admitted to trading on Equivalent Regulated Exchange and Authorised Investment Exchange are subject to the same compliance regulatory framework (corporate governance, financial reports, market disclosure).
- 81. The current framework forces the issuers to comply with two set of market disclosure framework: the AIFC and Equivalent Regulated Exchange requirements that doubles the issuers’ costs.

Best Practice

- 82. The analysis of different jurisdictions demonstrates that LSE, SGE regulatory frameworks do not envisage the recognition of foreign exchanges. Next paragraphs explain the approach taken in New Zealand.

New Zealand Exchange (NZX)

- 83. In 2019 NZX follow the example of the Australian Securities and Investments Commission introduced the concept of Foreign Exempt Issuer. A company that is already listed on a recognised foreign exchange may be eligible for Foreign Exempt issuer status. This is an effective method to achieve a secondary listing which offers international companies a new source of capital from the New Zealand market, greater brand credibility and increased liquidity with new investors
- 84. A Foreign Exempt issuer can efficiently access the New Zealand capital market without further compliance requirements by meeting their home exchange obligations.

85. NZX Regulation has approved the following stock exchanges for the purposes of eligibility to apply to NZX to list as a Foreign Exempt Issuer:

Exchange	Security Type	Markets
Australian Securities Exchange	Equity, Debt Funds	ASX
Hong Kong Exchanges and Clearing Limited	Equity	HKEX Main Board
London Stock Exchange Group	Equity	Premium Listing on Main Market
NASDAQ Stock Market	Equity	Global Select Market
Singapore Exchange	Equity	SGX Mainboard
TMX Group Inc	Equity	Toronto Stock Exchange (TSX)

86. Under the NZX Listing Rules, NZX may declare that any of the NZX Listing Rules will apply to a Foreign Exempt Issuer. Such declarations are made on a case by case basis. All listing applications remain subject to NZX discretion.

Proposal

87. It is proposed to introduce in MAR a provision stipulating that a Reporting Entity, whose Securities or Securities of the same Class admitted to trading on Equivalent Regulated Exchange is not required to make any additional disclosure under AIFC and/or an Authorised Investment Exchange market disclosure requirements provided that all the following conditions are met:
- the Reporting Entity complies with requirements of market disclosure rules and regulations in the jurisdiction of such Equivalent Regulated Exchange and
 - the same information is released on the Authorised Investment Exchange at the same time as in that other jurisdiction, subject to the manner of market disclosure and English language requirement prescribed in the Business Rules of the Authorised Investment Exchange.
88. Notwithstanding that, the AFSA and/or the Authorised Investment Exchange, in their reasonable discretion, may request the Reporting Entity to make additional disclosures when it is necessary to protect the interests of investors or other lawful purposes.
89. The framework for a Reporting Entity, whose Securities or Securities of the same class have been admitted to trading on Equivalent Regulated Exchange shall also envisage that if a Reporting Entity is in breach of the requirements of, or released from disclosure obligations (as a result of delisting or otherwise) under, market disclosure rules and regulations in the jurisdiction of the relevant Equivalent Regulated Exchange, the Reporting Entity must comply with all relevant market disclosure rules set in FSFR and MAR as well as in the Business Rules of the Authorised Investment Exchange.

QUESTIONS:

- 8. Do you have any concerns relating to introducing the amendments to the compliance framework for the Issuers of the Securities admitted to trading on Equivalent Recognized Exchange?**
- 9. Do you have other proposals on enhancing the compliance framework for the Issuers of the Securities admitted to trading on Equivalent Recognized Exchange?**

V. **INCORPORATING CERTAIN CLARIFICATIONS AND IMPROVEMENTS IN MAR THAT WERE EARLIER IDENTIFIED WITH AIX**

Problem

90. In 2019, the AFSA along with the AIX team identified certain requirements in MAR that could not be met by local issuers due to high costs of compliance or specificities of Kazakhstani legislation (many potential issuers are incorporated under the Kazakhstani Law). These requirements were modified or waived in 2019 and given that within 2019 (testing period) they proved to be fair and useful it is proposed to incorporate them in MAR. The list of waivers and modifications proposed to be incorporated in MAR is set out in Annex 4.
91. As it is known, MAR envisages private and public placement with and without publishing Prospectus framework.
92. Exempt offerors and Exempt Securities frameworks allow an Authorized Investment Exchange to admit certain types of Securities to trading without a Prospectus.
93. The AIX team has proposed to extend the list of Exempt Securities by including the Securities envisaged for private placement framework (MAR 1.1.2(2)) with certain changes:
 - (a) Securities directed at fewer than 50 Retail Investors in any 12-month period shall be registered in the AIFC and
 - (b) the total aggregate consideration for the Securities offered shall be increased from USD 100,000 to USD 5,000,000¹ (or an equivalent amount in another currency) calculated over a period of 12 months.
94. The AFSA team considers that the requested threshold of USD 5 mln for offerings and trading of Securities without a Prospectus is relatively high for the AIFC market. FCA Handbook PRR 1.2.2(3) stipulates that Prospectus Regulation shall not apply to an offer of securities to the public with a total consideration in the Union of less than EUR 1 mln, which shall be calculated over a period of 12 months.

Proposal

95. It is proposed to incorporate in MAR the following amendments:
 - (a) to expand the list of Exempt Securities (Prospectus is not required) by including the Securities envisaged for private placement framework (MAR 1.1.2(2)) with the following changes:
 - (i) specify that the exemption for Retail Offerings (up to 50 investors) is only available for Securities registered in the AIFC;
 - (ii) set out the threshold of total aggregate consideration for the offer of Securities not more than USD 1 mln, or an equivalent amount in another currency, calculated over a period of 12 months.

For the sake of clarity, the amendments proposed under (i) and (ii) above will not affect MAR 1.1.2(2) itself. The amended provisions will be introduced to MAR 1.2.2 (Exempt Securities).

- (b) to allow an Authorized Investment Exchange to approve a Prospectus when it is produced under legislation in a jurisdiction other than the AIFC provided that the Prospectus contains information equivalent to that which is required in FSFR and MAR and the offeror meets all the other requirements relating to a Prospectus as prescribed in FSFR and MAR;

¹ EU Directive allows undocumented offerings in the range EUR 1mln - 8mln

- (c) to replace the requirement to sign the annual report by at least 2 Directors of the Reporting Entity with a body competent to decide on such matters under the Reporting Entity's constitutive documents and/or applicable law;
 - (d) to extend the validity period of an Expert report on the assets or rights owned by the Issuer from 3 to 6 months (Prospectus requirements for Registration document).
96. Corporate governance issue concerning shareholder approval under MAR 2.3.4 (Reduction of share capital), MAR 2.3.8 (Other matters requiring shareholder approval), and MAR 2.5.3 (Related party transaction procedures) is to be amended based on the consultations with public and UKLA requirements for standard listing. The requirement to have shareholder approval could be changed to approval for the Board (related party transactions), notification of the shareholder or could be deleted if there are no such requirements in the benchmark jurisdiction or compliance with such requirements will be too onerous for the Reporting entities.

QUESTION:

10. Do you have any concerns relating to the incorporation of certain clarifications and improvements in MAR that were identified with the AIX earlier?

VI. AMENDING PROSPECTUS REQUIREMENTS TO ENSURE THEIR ALIGNMENT WITH THE BEST INTERNATIONAL PRACTICE (UKLA STANDARD LISTING)

Status quo

97. In May - June 2019, the AFSA team conducted a comparative analysis between the prospectus and disclosure requirements set in MAR and UKLA standard listing requirements. In July 2019, the UKLA introduced Prospectus Regulation Rules Instrument 2019 which merits further comparison to ensure that the AIFC requirements align with UKLA standard listing. The benchmarking against UKLA standard listing could be explained by the fact that the LSE (standard listing) is the most popular platform for large Kazakhstani companies to raise capital.

Best Practice

98. The Annex I of the COMMISSION REGULATION (EC) No 809/2004 of 29 April 2004 (defined as PD Regulation in the UK Prospectus Rules) sets out the minimum information to be included in a share registration document.
99. The Annex II of the of the COMMISSION REGULATION (EC) No 809/2004 of 29 April 2004 may be applicable to the issuer that has a complex financial history or made a significant financial commitment. It contains pro-forma information that shall illustrate the anticipated effects of the transaction.
100. The Annex III of the COMMISSION REGULATION (EC) No 809/2004 of 29 April 2004 sets out the minimum information to be included in a share securities note.

Problem

101. Comparative analysis of UK prospectus Rules with current MAR Prospectus requirements demonstrates that 20 provisions out of 152 provisions of MAR are not covered in the UK FCA Prospectus requirements, 9 of which are proposed to be excluded from MAR requirements. (full comparison table in ppt format could be provided upon request). Table 6.1 summarizes the results of the comparative analysis and the AFSA team recommendations.

Table 6.1 – MAR Schedule 1 provisions not covered in the UK FCA Prospectus requirements

MAR	AFSA opinion
2. OPERATIONAL FINANCIAL OVERVIEW	
2.1 Actual and proposed business activities. A detailed description of the actual and proposed principal operations of the Issuer including:	
(g) details of any major customers, suppliers or other material dependencies of the Issuer;	Exclude. This is covered under section 4.2 Material Contracts
3. CONSTITUTION AND ORGANISATIONAL STRUCTURE	
3.1 Constitution. A summary of the provisions of the constitution of the Issuer including:	
(i) any arrangements by which a single investor or group of investors may exercise significant influence over the Issuer; and	Exclude. The Constitution may be inspected under section 10. Documents on display
(j) any other aspects of the constitution of the Issuer which may be relevant to investors.	
3.2 Directors' powers under the constitution. A summary of the provisions of the constitution of the Issuer under which:	
(a) a Director has the power to vote on a proposal, arrangement, or contract in which he is materially interested; (b) a Director has the power, in the absence of an independent quorum, to vote on remuneration (including pension or other benefits) to themselves or any members of the Board; (c) a Director can exercise borrowing powers and how such borrowing powers may be varied; and (d) the retirement or non-retirement of Directors is provided, including any age limit in respect of retirement. In the case of a Limited Partnership, a reference to a Director should be read as a reference to a General Partner of the partnership.	Exclude. The Constitution may be inspected under section 10. Documents on display
3.3 Group Structure. If the Issuer is a member of a Group, information about the Issuer's Group including:	
(a) identity of all the members of the Group;	Keep.
(c) the identity of the ultimate Holding Company of the Issuer and where it is domiciled; and	Keep.
5. CAPITAL	
5.1 Capital resources	
(c) Information relating to any undertakings in which the Issuer holds a portion of its capital where such holding is likely to have a significant effect on the	Keep.

assessment of its own assets and liabilities, financial position or profits and losses.	
7. FINANCIAL INFORMATION ABOUT THE ISSUER	
(l) Any recent events particular to the Issuer and which are to a material extent relevant to the evaluation of the Issuer's solvency.	Exclude.
8. OTHER INFORMATION RELATING TO THE ISSUER	
8.6 Other significant matters	
(a) An explanation of any significant matter that investors would reasonably require in relation to the Issuer and the Issuer's jurisdiction, provided in a manner which gives appropriate prominence depending on the nature of the matter concerned and its significance. (b) If the Security is a Certificate, any information of the kind referred to in (a) relating to the Issuer of the underlying Securities.	Keep.
8.7 Concurrent offers by directors of the Issuer	
(a) If one or more members of the Board of Directors of the Issuer are offering their Shares under the same Prospectus: (i) the identity of each member making such offers; (ii) the number of Shares each such Person is offering; and (iii) the proportion of the holding of the member that those Shares represent. (b) If no member of the Board is offering his Shares, a statement to that effect.	Keep.
9. RESPONSIBILITY FOR THE CONTENT OF PROSPECTUS	
9.2 Signing of the prospectus by directors of the Issuer	
The date on which the Prospectus was signed by the Directors of the Issuer.	Exclude.
9.4 Special categories of companies	
If the Issuer is a special category of company, such as a property, mineral, or scientific research company, or a startup company (a company with less than 3 year track record), a report by an Expert on the assets or rights owned by the Issuer prepared at a date which shall be no later than three months before the date of the Prospectus.	Keep.

Proposal

102. It is proposed to exclude from the MAR the requirement to disclose in the Registration Documents the following information:
- details of any major customers, suppliers or other material dependencies of the Issuer;
 - a summary of the provisions of the constitution of the Issuer including any arrangements by which a single investor or group of investors may exercise significant influence over the Issuer and any other aspects of the constitution of the Issuer which may be relevant to investors.
 - directors' powers under the constitution;
 - any recent events particular to the Issuer and which are to a material extent relevant to the evaluation of the Issuer's solvency; and

- (e) the date on which the Prospectus was signed by the Directors of the Issuer.
103. Annex 3 provides the proposed amendments to MAR Prospectus Requirements (the underlining indicates new text and the striking through indicates deleted text in the proposed amendments).

QUESTION:

11. Do you have any concerns relating to the introduction of the proposed changes in MAR Prospectus requirements to ensure their alignment with the best international practice (UKLA standard listing)?

VII. INTRODUCING MISCELLANEOUS AMENDMENTS

104. The approval and publication of a Prospectus by an Authorized Investment Exchange. It is proposed to add additional provisions stipulating the order and timescales for approval.
105. The time-period for making market disclosure. It is proposed to extend the deadline for submission of annual reports from 120 to 150 days after the end of the financial period and for semi-annual reports from 60 to 75 days after the end of the period to which the report relates.
106. Market disclosure requirements. MAR lists the reports that a Reporting Entity might be required to prepare, including its preliminary financial results. It is proposed to keep mandatory disclosure of financials / annual reports at the MAR level. All the rest, including voluntary disclosure of preliminary financial results shall be regulated by Business Rules of an Authorized Investment Exchange.

QUESTION:

12. Do you have any concerns relating to the introduction of the proposed miscellaneous amendments to MAR?

Base Capital Requirements for Dealing in Investments as Principal and Dealing in Investments as Agent in Belarus, Ukraine, Kyrgyzstan, Estonia, Latvia, Russia, Kazakhstan and AIFC

	Belarus	Ukraine	Kyrgyzstan	Estonia	Latvia	Russia	Kazakhstan	AIFC
Applicable act with prudential requirements	<i>Resolution of the Ministry of Finance dated 5 April, 2016, N 20, article 1(1)</i>	<i>The Law of Ukraine On securities and stock market, article 17</i>	<i>Regulation on the own fund adequacy requirements for professional participants of the securities market No.467, article 2 (6)</i>	<i>Securities Market Act chapter 11, article 93(1)</i>	<i>Financial Instrument Market Law Sec 120 (1)</i>	<i>Directive of the Central Bank No. 4373-U, article 2</i>	<i>Resolution of the Board of the NBRK No.80, article 5</i>	<i>AIFC Prudential Rules for Investment Firms</i>
Dealing in Investments as Principal								
Base Capital Requirement	10,000 BP	UAH 500,000	15000 basis index	EUR 730,000	EUR 730,000	RUB 5 Mln.	75,000 MCI	USD 2,000,000 (current)
BCR in USD	USD 117,300	USD 19,000	USD 21,500	USD 830,000	USD 830,000	USD 76,000	USD 503,000	USD 500,000 (proposed)
Risk capital application	No	Yes	No	Yes	Yes	No	No	Yes

	Belarus	Ukraine	Kyrgyzstan	Estonia	Latvia	Russia	Kazakhstan	AIFC
Applicable act with prudential requirements	<i>Resolution of the Ministry of Finance dated 5 April, 2016, N 20, article 1(1)</i>	<i>The Law of Ukraine On securities and stock market, article 17</i>	<i>Regulation on the own fund adequacy requirements for professional participants of the securities market No.467, article 2 (6)</i>	<i>Securities Market Act chapter 11, article 93(1)</i>	<i>Financial Instrument Market Law Sec 120 (1)</i>	<i>Directive of the Central Bank No. 4373-U, article 2</i>	<i>Resolution of the Board of the NBRK No.80, article 5</i>	<i>AIFC Prudential Rules for Investment Firms</i>

Dealing in Investments as Agent								
Base Capital Requirement	3,000 BP	UAH 1,000,000	35000 basis index	EUR 50,000	EUR 50,000	RUB 5 Mln.	53,000 MCI	USD 500,000 (current)
BCR in USD	USD 35,000	USD 37,000	USD 50,000	USD 57,000	USD 57,000	USD 76,000	USD 355,000	USD 50,000 (proposed)
Risk capital application	No	Yes	No	Yes	Yes	No	No	Yes

**Base Capital Requirements for Dealing in Investments as Principal and Dealing in Investments as Agent in
Singapore, Hong Kong, Luxembourg, UK, QFC, DIFC, ADGM and AIFC**

	Singapore	Hong Kong	Luxembourg	UK	QFC	DIFC	ADGM	AIFC
Applicable act with prudential requirements	Securities and Futures (amendment) Regulations 2018, schedule 1, article 13	Securities and Futures (Financial Resources) Rules (Cap. 571, sections 145 and 397), schedule 1, table 1	Law of 5 April 1993 on the financial sector, article 24 (4)	FCA Handbook, IFPRU article 11.1 (6)		The DFSA Rulebook Prudential – Investment, Insurance Intermediation and Banking Module	Investment, Insurance Intermediation and Banking Rules (PRU)	<i>AIFC Prudential Rules for Investment Firms</i>
Dealing in Investments as Principal								
Base Capital Requirement	USD 500,000	HKD 5,000,000	EUR 730,000	EUR 730,000		USD 2,000,000	USD 2,000,000	USD 2,000,000 (current)
BCR in USD	USD 500,000	USD 637,000	USD 830,000	USD 830,000		USD 2,000,000	USD 2,000,000	USD 500,000 (proposed)
Risk capital application	Yes	No	Yes	Yes		Yes	Yes	Yes

	Singapore	Hong Kong	Luxembourg	UK	QFC	DIFC	ADGM	AIFC
Applicable act with prudential requirements	Securities and Futures (amendment) Regulations 2018, schedule 1, article 13	Securities and Futures (Financial Resources) Rules (Cap. 571, sections 145 and 397), schedule 1, table 1	Law of 5 April 1993 on the financial sector, article 24 (4)	FCA Handbook, IFPRU article 11.1 (6)		The DFSA Rulebook Prudential – Investment, Insurance Intermediation and Banking Module	Investment, Insurance Intermediation and Banking Rules (PRU)	<i>AIFC Prudential Rules for Investment Firms</i>

Dealing in Investments as Agent								
Base Capital Requirement	USD 50,000	HKD 5,000,000	EUR 50,000	EUR 50,000	QR 1,800,000	USD 500,000	USD 500,000	USD 500,000 (current)
BCR in USD	USD 50,000	USD 637,000	USD 57,000	USD 57,000	USD 494,500	USD 500,000	USD 500,000	USD 50,000 (proposed)
Risk capital application	Yes	No	Yes	Yes		Yes	Yes	Yes

Proposed amendments to MAR (shares) and prospectus requirements for REMS /

In this section the underlining indicates new text and the striking through indicates deleted text in the proposed amendments

SCHEDULE 1: REGISTRATION DOCUMENT

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
	1. INFORMATION ABOUT THE ISSUER		
1.1	<p>General information</p> <p>General information about the Issuer including:</p> <p>(a) the full legal name of the Issuer;</p> <p>(b) if different to the legal name, the full commercial name of the Issuer;</p> <p>(c) the legal form of the Issuer;</p> <p>(d) the country of incorporation of the Issuer and its incorporation number;</p> <p>(e) if domiciled in a jurisdiction outside the country of incorporation, the legislation under which the Issuer operates;</p> <p>(f) if registered in a place other than the country of incorporation, the place of registration of the Issuer and its registration number;</p> <p>(g) the date of incorporation and registration and the length of time the Issuer has remained incorporated or registered (or both) as is relevant. Where the Issuer has a fixed life, this must be stated together with the end date; and</p> <p>(h) the address and telephone number of its registered office (and its principal place of business if different from its registered office); and</p> <p>(i) if the Securities- are asset backed Securities, a statement whether the Issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset backed Securities-.</p>	√	√
1.2	<p>Investments</p> <p>Information about:</p> <p>(a) the Issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the Registration Document;</p> <p>(b) description, (including the amount) of the Issuer's principal investments for the period referred to in (a); and</p>	√	

CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT		Shares	Shares (REMS)
	(c) a description of the Issuer's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external).		
2. OPERATIONAL FINANCIAL OVERVIEW			
2.1	Actual and proposed business activities		
	A detailed description of the actual and proposed principal operations of the Issuer including:		
	(a) the history of the Issuer;	√	
	(b) a description of the principal activities and business of the Issuer;	√	√
	(c) a description of important events in the development of the Issuer's business;	√	
	(d) a description of, and key factors relating to, the nature of the Issuer's operations and its principal activities, specifying the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information;	√	
	(e) an indication of any significant new products and/or services that have been introduced by the Issuer and, to the extent the development of new products or services has been publicly disclosed, the status of the development;	√	
	(f) a description of the principal markets in which the Issuer operates, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information;	√	
	(g) details of any major customers, suppliers or other material dependencies of the Issuer;	√	
	(h) if material to the Issuer's business or profitability, a summary of the extent to which the Issuer is dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes;	√	
	(i) the basis for any statement made by the Issuer regarding its competitive position;	√	
	(j) where the information given under this item has been influenced by exceptional factors, a statement about that fact; and	√	

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
	(k) where the Issuer belongs to a Group, relevant material information as specified above in relation to the Group's- activities.	√	
2.2	<p>Significant factors affecting income/operations</p> <p>(a) Information regarding significant factors, including unusual or infrequent events or new developments, which are materially affecting or may likely to so affect the Issuer's income from operations, indicating the extent to which income was so affected.</p> <p>(b) Where the financial statements disclose material changes in net sales or revenues, a narrative discussion of the reasons for such changes.</p> <p>(c) Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Issuer's operations.</p>	√	√
2.3	<p>Risk factors</p> <p>Prominent disclosure of risk factors that are specific to the Issuer and if relevant, its industry in a section headed "Risk Factors" containing information including:</p> <p>(a) the material risks associated with investing in the Issuer, and where applicable, any risks associated with the assets to be acquired using the proceeds of the offer;</p> <p>(b) the effect that the material risks may have on the Issuer together with a discussion of how the risk could affect the business, operating results and financial condition of the Issuer;</p> <p>(c) any steps proposed by the Issuer to mitigate or manage the risks; and</p> <p>(d) general and specific risks relating to the industry and the jurisdiction in which the Issuer operates.</p> <p>*not exceeding 15 risk factors (for REMS)</p>	√	√*
2.4	<p>Production and sales trends</p> <p>(a) Information about the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Registration Document.</p> <p>(b) If:</p>		
		√	

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
	<p>(i) there has been no material adverse change relating to the information referred to in (a) since the date of its last published financial statements, a statement to that effect; and</p> <p>(ii) the Issuer is not in a position to make such a statement, details of the material adverse change.</p>		
	(c) Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the past 12 months.	√	
	3. CONSTITUTION AND ORGANISATIONAL STRUCTURE		
3.1	<p>Constitution</p> <p>A summary of the provisions of the constitution of the Issuer including:</p> <p>(a) a description of the Issuer's objectives and purpose and where they can be found in the constitution;</p>	√	
	<p>(b) a summary of any provisions of the constitution with respect to its Directors- and any Person- involved in the senior management of the Issuer including the members of the administrative, management and supervisory bodies;</p> <p>(c) a description of the rights, preferences and restrictions attaching to each class of the existing Securities;</p> <p>(d) a description of what action is necessary to change the rights of holders of the Securities, indicating where the conditions are more significant than is required by any law applicable to the Issuer;</p> <p>(e) a description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of holders of Securities- are called including the conditions of admission to the meeting;</p> <p>(f) a brief description of any provision of the constitution that would have an effect of delaying, deferring or preventing a change in control of the Issuer;</p> <p>(g) an indication whether there are any provisions in the constitution, governing the ownership threshold above which shareholder ownership must be disclosed;</p> <p>(h) a description of the conditions imposed by the constitution governing changes in the capital, where such conditions are more stringent than is required by law applicable to the Issuer;</p> <p>(i) any arrangements by which a single investor or group of investors may exercise significant influence over the Issuer; and</p>		

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
	(j) any other aspects of the constitution of the Issuer which may be relevant to investors.		
3.2	<p>Directors' powers under the constitution</p> <p>A summary of the provisions of the constitution of the Issuer under which:</p> <p>(a) a Director has the power to vote on a proposal, arrangement, or contract in which he is materially interested;</p> <p>(b) a Director has the power, in the absence of an independent quorum, to vote on remuneration (including pension or other benefits) to themselves or any members of the Board;</p> <p>(c) a Director can exercise borrowing powers and how such borrowing powers may be varied; and</p> <p>(d) the retirement or non-retirement of Directors is provided, including any age limit in respect of retirement.</p>	√	
3.3	<p>Group Structure</p> <p>If the Issuer is a member of a Group, information about the Issuer's Group including:</p>		
	(a) identity of all the members of the Group;	√	√
	(b) a brief description of the Group-explaining the Issuer's position within the Group;	√	√
	(c) the identity of the ultimate Holding Company- of the Issuer and where it is domiciled; and	√	√
	(d) a list of significant Subsidiaries- of the Issuer, including name, country of incorporation or domicile, proportion of ownership interest and, if different, proportion of voting power or other form of control held.	√	√
	4. ASSETS		
4.1	<p>Property, plant and equipment</p> <p>Information about:</p> <p>(a) existing material fixed assets, including any leased properties, and any major encumbrances in respect of such assets;</p> <p>(b) planned acquisition of material fixed assets, including leased properties,</p>	√	√

CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT		Shares	Shares (REMS)
	and any major encumbrances in respect to those assets; and (c) a description of any environmental issues that may affect the Issuer's utilisation of the assets referred to in (a) and (b).		
4.2	Material contracts Information about material contracts of the Issuer including:		
	(a) a summary of each material contract (to the extent not disclosed under 5.1), other than contracts entered into in the ordinary course of business, to which the Issuer or any member of the Group- is a party, for the two years immediately preceding publication of the Registration Document; and	√	
	(b) a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Group- which contains any provision under which any member of the Group- has any obligation or entitlement which is material to the Group- as at the date of the Registration Document.	√	
	5. CAPITAL		
5.1	Capital resources	√	√
	(a) Information about the capital resources of the Issuer including: <ul style="list-style-type: none"> (i) the short and long term capital resources; (ii) an explanation of, the sources and amounts of, and a narrative description of, the cash flows; (iii) the borrowing requirements and funding structure; (iv) any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, its operations; 		
	(b) Information regarding the anticipated sources of funds needed to fulfil commitments relating to: <ul style="list-style-type: none"> (i) any existing or planned material tangible fixed assets, including leased properties, and any major encumbrances thereon; and (ii) any principal future investments to which the Board- or the senior management of the Issuer have already made firm commitments. 		
	(c) Information relating to any undertakings in which the Issuer holds a portion of its capital where such holding is likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.		

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
5.3	<p>Share capital</p> <p>The following information as of the date of the most recent balance sheet included in the historical financial information of the Issuer:</p> <p>(a) The amount of issued share capital, and for each class of share capital:</p> <ul style="list-style-type: none"> (i) the number of Shares authorised; (ii) the number of Shares, issued and fully paid, and issued but not fully paid; (iii) the par value per Share, or that the Shares have no par value; and 	√	
	<ul style="list-style-type: none"> (iv) a reconciliation of the number of Shares outstanding at the beginning and end of the year. If more than 10% of capital has been paid for with assets other than cash within the period covered by the historical financial information, a statement to that effect. <p>(b) If there are Shares not representing capital, the number and main characteristics of such Shares.</p> <p>(c) The number, book value and face value of Shares in the Issuer held by or on behalf of the Issuer itself or by Subsidiaries- of the Issuer.</p> <p>(d) The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.</p> <p>(e) Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital.</p> <p>(f) Historical information about the share capital highlighting any changes for the period covered by the historical financial information.</p>	√	
5.4	<p>Options</p> <p>If any options or other rights granted in respect of Shares- in the Issuer to any Person, a summary of the total of any such options, along with an estimate of the number of Shares- which would be created, if such rights were to be exercised.</p>	√	√
6. MANAGEMENT OF THE ISSUER			
6.1	<p>Details relating to directors and senior managers ("Key Persons")</p> <p>(a) names, business addresses, functions and principal activities carried out by the following Persons- ("Key Persons"), including outside that of the Issuer where such functions are significant with respect to the activities of the Issuer:</p>	√	√

CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
<ul style="list-style-type: none"> (i) the Directors- of the Issuer; (ii) the Directors- of the ultimate Holding Company- of the Issuer, if any; (iii) the members of the senior management (senior managers) of the Issuer and, if they are also Directors-of the Issuer, their respective responsibilities as Directors– and as a member of the senior management of the Issuer; (iv) founding members, if the Issuer has been established for fewer than five years; and (v) any senior manager who is relevant to establishing that the Issuer has the appropriate expertise and experience for the management of the Issuer's business. <p>(A reference to a Director in the case of a Limited Partnership should be read as a reference to a General Partner of the partnership.)</p>		
(b) The nature of any family or business relationship between any of the Key Persons-	√	√
<p>(c) Except for the category of Person in item (a)(iv) above, details of each of the Key Person's- relevant management expertise and experience and the following information:</p> <ul style="list-style-type: none"> (i) the names of all companies and partnerships in which such Person-has been a member of a Board- or involved in the senior management of in the previous five years, indicating whether or not the Person- still holds such position. It is not necessary to list all the Subsidiaries- of an Issuer of which the Person- is also a member of the Board- or involved in the senior management; (ii) <u>the history of all any convictions relating to fraud, wrongful trading, defaults, antitrust violations, or</u> and any other financial crimes for <u>at least the previous five years;</u> (iii) details of any bankruptcies, receiverships or liquidations of another entity with which a Person- described in item (a)(iii) and (vi) was associated with for at least the previous five years when acting in a similar capacity; (iv) details of any official public incrimination and/or sanctions of such a Person- by statutory or regulatory authorities (including designated professional bodies) and whether such a Person- has ever been disqualified by a court from acting as a Director- or from acting in the senior management of, or conduct the affairs of, any Issuer for at least the previous five years; and (v) if there is no such information to be disclosed pursuant to (i) – (iv), a statement to that effect. 	√	<ul style="list-style-type: none"> √ √ √
(d) If there is a potential conflict of interests between the personal interests of any Key Person- and that of the duties such Persons- owed to the Issuer or	√	

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
	interests of the Issuer, details of such conflict of interests and, if there are no such conflicts, a clear statement to that effect.		
	(e) Information about any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any Key Person- was selected as a Director-or senior manager of the Issuer.	√	√
	(f) Details relating to any restrictions agreed by a Key Person- on the disposal within a certain period of time of his holdings in the Issuer's Securities-.	√	√
6.2	<p>Other information relating to key Persons-</p> <p>(a) For the last completed financial year of the Issuer, information relating to each Key Person- about:</p> <ul style="list-style-type: none"> (i) the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such Persons- by the Issuer and its Subsidiaries for services in all capacities to the Issuer and its Subsidiaries; and (ii) the total amounts set aside or accrued by the Issuer or its Subsidiaries to provide pension, retirement or similar benefits. <p>(b) For the last completed financial year of the Issuer:</p> <ul style="list-style-type: none"> (i) the date of expiration of the current term of office, if applicable, and the period during which the Person- has served in that office of each Key Person- specified in (a)(i) — (iii); (ii) information about any service contracts with a Key Person- and the Issuer or any of its Subsidiaries-providing for benefits upon termination of employment, and if there are no such contracts, a statement to that effect; 	√	
	<ul style="list-style-type: none"> (iii) information about the Issuer's audit committee, nomination committee and remuneration committee, if any, including the names of committee members and a summary of the terms of reference under which the committee operates; and (iv) statements as to whether or not the Issuer is complying with any corporate governance regime in its country of incorporation or domicile and if so whether or not such a regime is compatible with the corporate governance regime under MAR. In the event an Issuer does not comply with a regime of corporate governance applicable in the country of its incorporation or domicile, a statement to that effect, together with an explanation regarding why the Issuer does not comply with such a regime. 		
6.3	<p>Information about Employees</p> <p>Information relating to the following:</p>	√	

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
	<p>(a) either:</p> <ul style="list-style-type: none"> (i) the number of Employees- at the end of each period covered by the historical financial information; or (ii) the average for each financial year for the period covered by the historical financial information up to the date of the Registration Document (and changes in such numbers, if material); and <p>(b) If the Issuer employs a significant number of temporary Employees, the number of temporary Employees- on average during the most recent financial year; and</p> <p>(c) a breakdown of the Employees by main category of activity and geographic location to the extent practicable and material.</p>		
	7. FINANCIAL INFORMATION ABOUT THE ISSUER		
7.1	<p>Historical financial information about the Issuer</p> <p>(a) Historical financial information covering the latest 3 financial years (or such shorter period that the Issuer has been in operation) where such information in respect of each year is:</p> <ul style="list-style-type: none"> (i) prepared in accordance with the International Financial Reporting Standards- (IFRS) or any other standards acceptable to the AFSA; (ii) audited in accordance with the standards of the International Auditing and Assurance Standards Board—(IAASB) or other standards acceptable to the AFSA; and (iii) independently audited or reported on as to whether or not, for the purposes of the Registration Document, it gives a true and fair view, in accordance with the applicable auditing standards referred to in (ii) above; and 	√	
	<p>(a.1) Historical financial information covering the latest 1 financial year where such information is:</p> <ul style="list-style-type: none"> (i) prepared in accordance with the International Financial Reporting Standards- (IFRS) or any other standards acceptable to the AFSA; (ii) audited in accordance with the standards of the International Auditing and Assurance Standards Board—(IAASB) or other standards acceptable to the AFSA; and (iii) independently audited or reported on as to whether or not, for the purposes of the Registration Document, it gives a true and fair view, in accordance with the applicable auditing standards referred to in (ii) above; and 		√

CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
<p>(c) In respect of the last year of audited financial information included, such information not being older than one of the following:</p> <ul style="list-style-type: none"> (i) 18 months from the date of the Registration Document if the Issuer includes audited interim financial statements in the Registration Document; or (ii) 15 months from the date of the Registration Document if the Issuer includes unaudited interim financial statements in the Registration Document. <p>(d) A statement that the historical financial information has been audited.</p> <p>(e) If the audit reports on the historical financial information have been refused by the auditors or if they contain qualifications or disclaimers, reproduction of such refusal, qualifications or disclaimers in full and the reasons given.</p> <p>(f) If any other information in the Registration Document has been audited by the auditors, a statement to that effect.</p> <p>(g) If any financial data in the Registration Document is not extracted from the Issuer's audited financial statements, statements as to the source of the data and that the data is unaudited.</p> <p>(h) If since the date of the Issuer's last audited financial statements quarterly or half yearly financial information has been published, such statements including:</p> <ul style="list-style-type: none"> (i) if the quarterly or half yearly financial information has been reviewed or audited, the audit or review report; or (ii) if the quarterly or half yearly financial information is unaudited or has not been reviewed, a statement to that effect. <p>(i) If the Registration Document is dated more than nine months after the end of the last audited financial year, interim financial information:</p> <ul style="list-style-type: none"> (i) covering at least the first six months of the financial year; (ii) including comparative statements for the same period in the prior financial year (except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet); and (iii) if unaudited, a statement to that effect. <p>(j) If the Issuer prepares both own and consolidated annual financial statements, at least the consolidated annual financial statements.</p> <p>(k) A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for</p>	<p>√</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
	which either audited financial information or interim financial information have been published, or an appropriate negative statement.		
	(l) Any recent events particular to the Issuer and which are to a material extent relevant to the evaluation of the Issuer's solvency.		
7.2	<p>Profit forecasts</p> <p>If an Issuer chooses to include a profit forecast or a profit estimate in the Registration Document:</p> <p>(a) information about the principal assumptions upon which the Issuer has based its forecast or estimate:</p> <ul style="list-style-type: none"> (i) in a manner readily understandable by investors and prepared on a basis comparable with the historical financial information; and (ii) showing a clear distinction between assumptions about factors which the Board- or senior management of the Issuer can influence and assumptions about factors which are exclusively outside the influence of such Persons; <p>(b) a report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors, the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the Issuer; and</p> <p>(c) If a profit forecast in a Prospectus has been previously published, a statement setting out whether or not that forecast is still correct as at the time of the Registration Document or if the forecast is no longer valid, an explanation of why that is the case.</p>	√	√
	8. OTHER INFORMATION RELATING TO THE ISSUER		
8.1	<p>Information about auditors</p> <p>(a) Information about the auditor including:</p> <ul style="list-style-type: none"> (i) the names, addresses and professional qualifications (including details of membership in any professional body) of the Issuer's auditor for the period covered by the historical financial information; and (ii) if the auditor has resigned, been removed or not been re-appointed during the period covered by the historical financial information, any details if material. 	√	
8.2	<p>Connected Persons-</p> <p>(a) Information about Connected Persons- including:</p>	√	

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
	(i) the name and address of any Connected Person- ; (ii) how the Person- falls into the definition of a Connected Person; and (iii) whether any Connected Person-has different voting rights to the Issuer's major shareholders, or an appropriate negative statement;		
	(b) If there are no Connected Persons, a statement to that effect;	√	
	(c) if a Connected Person- is a controller, information about that Person- including: (i) where relevant, the amount of the Controller's- interest; (ii) whether the Issuer is directly or indirectly owned or controlled by such a Person- and the measures in place to ensure that such control is not abused; and	√	
	(d) a description of any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.		
8.3	Related party transactions Disclosure of any Related Party Transactions-during the period covered by the historical financial information and up to the date of the Registration Document must be made in accordance with the respective IFRS standard.	√	
8.4	Research and development Where material, a description of the Issuer's research and development policies for each financial year for the period covered by the historical financial information, including the amount spent on Issuer-sponsored research and development activities.	√	
8.5	Legal and other proceedings against the Issuer Information on any current or prior governmental, legal or arbitration proceedings or disputes (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had, covering at least the previous 12 months significant impact on the Issuer and/or its Group's- financial position or profitability, or if there were no such actions, a statement to that effect.	√	√
8.6	Other significant matters (a) An explanation of any significant matter that investors would reasonably require in relation to the Issuer and the Issuer's jurisdiction, provided in a manner which gives appropriate prominence depending on the nature of the matter concerned and its significance.	√	

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
	(b) If the Security- is a Certificate, any information of the kind referred to in (a) relating to the Issuer of the underlying Securities.		
8.7	<p>Concurrent offers by directors of the Issuer</p> <p>(a) If one or more members of the Board of Directors- of the Issuer are offering their Shares- under the same Prospectus:</p> <ul style="list-style-type: none"> (i) the identity of each member making such offers; (ii) the number of Shares- each such Person- is offering; and (iii) the proportion of the holding of the member that those Shares- represent. <p>(b) If no member of the Board- is offering his Shares, a statement to that effect.</p>	√	
	9. RESPONSIBILITY FOR THE CONTENT OF PROSPECTUS		
9.1	<p>Responsibility Statement</p> <p>A Responsibility Statement that:</p> <p>(a) the Prospectus- complies with the requirements in Section 69 of the Framework Regulations and Part 1 of MAR;</p> <p>(b) sets out the details of the Persons-responsible for the Prospectus-pursuant to MAR 1.9, and in particular:</p> <ul style="list-style-type: none"> (i) where a Person- responsible is a natural person, indicates the name and function of that Person; and (ii) where a Person- responsible is a Body Corporate- or other legal person, indicates the name and registered office of that Person; and <p>(c) includes a declaration, from each Person- responsible for the Prospectus, or for certain parts of it, pursuant to MAR 1.9, that having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus- is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.</p>	√	√
9.2	<p>Signing of the prospectus by directors of the Issuer</p> <p>The date on which the Prospectus was signed by the Directors- of the Issuer.</p>	√	
9.3	<p>Expert- opinions included in a prospectus</p> <p>(a) If any Expert's- opinion, statement or report ("report") is included in the Prospectus- :</p>	√	√

CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT		Shares	Shares (REMS)
(i)	the name, business address and professional qualifications of the Expert- responsible for the report and the date on which the Expert- report was made or produced;	√	√
(ii)	Information relating to any material interests of the Expert- in the Issuer such as any benefit or fees paid to the Expert- by the Issuer or a related company, positions held or to be held by the Expert- in the Issuer or a related company, investments held or to be held by the Expert- in the Issuer or a related company, fees and commissions paid or to be paid to the Expert- or Persons- associated with the Expert; and	√	√
(iii)	if the report has been produced at the Issuer's request, a statement to that effect and that the report is included, in the form and context in which it is included, with the consent of the Expert-.	√	√
	(b) Where information has been sourced from an Expert- or other third party, the source of such information and confirmation by the Issuer that the information has been accurately produced and that as far as the Issuer is aware and is able to ascertain from the information published by that Expert- or third party, that no facts have been omitted which would render the reproduced information inaccurate or misleading.	√	√
9.4	Special categories of companies (a) If the Issuer is a special category of company, such as a property, mineral , or scientific research company, or a start-up company (a company with less than 3 year track record), a report by an Expert- on the assets or rights owned by the Issuer prepared at a date which shall be no later than <u>3 6 (six)</u> months before the date of the Prospectus.	√	
	<u>(a.1) If the Issuer is a mineral or petroleum company, a report by an Expert on the status of exploration, development and production, and assessments of reserves and resources of the Issuer's projects, prepared at a date which shall be no later than 6 (six) months before the date of the Prospectus or older as may be reasonably determined by Authorized Investment Exchange</u>	√	√
10. DOCUMENTS ON DISPLAY			
10.1	Documents for inspection A statement that the following documents, in original or copy form, where applicable, may be inspected: (a) the constitution of the Issuer; (b) the historical financial information of the Issuer; and	√	√

	CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Shares (REMS)
	(c) any information produced by an expert at the Issuer's request, any part of which is included or referred to in the Registration Document.		
10.2 Details	The details of how the documents referred to in 10.1 may be inspected.	√	√

	CONTENTS OF PROSPECTUS — SECURITIES NOTE	Shares	Shares (REMS)
1	KEY INFORMATION		
1.1	Risk factors Prominent disclosure of risks factors material to the Securities being offered and/or admitted to trading in order for investors to assess the risks associated with investing in the Securities, which must be disclosed prominently in a separate section headed "Risk Factors" and include the following information: (a) the nature of the risks involved in investing in the Securities; (b) any material risks associated with investing in the Issuer; (c) any risks associated with the assets to be acquired using the proceeds of the offer; (d) the effect that the material risks may have on the Issuer- including how the risk could affect the business, operating results and financial condition of the Issuer; (e) any steps proposed by the Issuer- to mitigate or manage the risks; (f) general and specific risks relating to the industry or jurisdiction in which the Issuer- operates; and (g) any other material risks that are not included in the above.	√	
1.2	Reasons for the offer Reasons for the offer and, where applicable: (a) the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses; (b) if the Issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, statement about the amount and sources of other funds needed; and	√	√
	(c) details with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other businesses, or to discharge, reduce or retire indebtedness of the Issuer.	√	
1.3	Financial condition To the extent not included in the Registration Document, a description of the	√	

	CONTENTS OF PROSPECTUS — SECURITIES NOTE	Shares	Shares (REMS)
	Issuer's financial condition, changes in financial condition and results of operations for each year and interim period, for which historical information is required, including causes of any material changes from year to year in the financial information to the extent necessary for an understanding of the Issuer's business as a whole.		
1.4	<p>Working capital statement</p> <p>(1) Subject to (2), a statement by the Directors of the Issuer that in their opinion the working capital is sufficient for the Issuer's present requirements, that is for at least the next 12 months from the date of listing, or, if not how it proposes to provide the additional working capital needed.</p> <p>(2) The working capital statement is not required for the applicants, whose business is entirely or substantially that of the provision of Financial Services, provided that:</p> <ul style="list-style-type: none"> (i) the inclusion of such a statement would not provide significant information for investors; and (ii) the applicant's solvency and capital adequacy are subject to prudential supervision by Financial Services Regulator. 	√	√
1.5	<p>Creditworthiness of the Issuer</p> <p>(a) Sufficient information to enable an investor to form an opinion concerning the creditworthiness of the Issuer such as:</p> <ul style="list-style-type: none"> (i) earnings coverage ratio; (ii) any relevant credit ratings; and (iii) any other risk factors that may affect the Issuer's ability to fulfil its obligations under the Securities to investors. 		
	(b) A statement of capitalization and indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness), including indirect and contingent indebtedness, as of a date no earlier than 90 days prior to the date of the Securities Note.	√	
1.6	<p>Guarantees</p> <p>(a) Information about any bank or other guarantees attaching to the Securities and intended to underwrite the Issuer's obligations including the details relating to:</p> <ul style="list-style-type: none"> (i) any conditionality on the application of the guarantee in the event of any default under the terms of the Security; and (ii) any power of the guarantor to veto changes to the Security holders' rights. 	√	

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	(b) Disclosure by the guarantor of the information about itself as if it were the Issuer of the same type of Security- that is the subject of the guarantee.		
2 INFORMATION RELATING TO THE SECURITIES OFFERED/ADMITTED TO TRADING			
2.1	General information relating to Securities		
	(a) A description of the type and class of the Securities- being offered and/or admitted to trading, including any identification number (ISIN) or code applicable to the Securities.	√	√
	(b) An indication whether the Securities-are in certificated form or book-entry form and if it is the latter, the name and address of the entity maintaining the records.	√	√
	(c) A summary of any restrictions relating to transferability of the Securities, the arrangements for settlement of transfers and any limitations of those rights and procedures for the exercise of such rights, including those specified in 2.2 and 2.3.	√	√
	(d) Any legislation under which the Securities- have been created.	√	√
	(e) The currency of the Securities -issue.	√	√
	(f) The ranking of the Securities- being admitted to trading, including summaries of any clauses that are intended to affect ranking or subordinate the Security- to any present or future liabilities of the Issuer.		
	(g) The maturity date and arrangements for the amortisation of the Debenture, including the repayment procedures. Where advance amortisation is contemplated, on the initiative of the Issuer or of the holder, it must be described, stipulating amortisation terms and conditions.		
	(h) Information regarding representation of Debenture- holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of where investors may have access to the contracts relating to these forms of representation.		
2.2	Dividends Information relating to dividend rights including: (a) a description of the Issuer's- policy on dividend distributions and any restrictions thereon;	√	√

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	<p>(b) the amount of the dividend per Security, or underlying Security- if applicable, for each financial year for the period covered by the historical financial information, adjusted where the number of Securities, or underlying Securities-if applicable, in the Issuer- has changed, to make it comparable;</p> <p>(c) fixed date(s) on which the dividend entitlement arises;</p> <p>(d) if relevant, the time limit after which entitlement to dividend lapses and an indication of the Person- in whose favour the lapse operates;</p> <p>(e) any dividend restrictions; and</p> <p>(f) the rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments.</p>		
2.3	<p>Interest Rate and Yield</p> <p>(a) Where there is a nominal rate of interest or rate of return and provisions relating to rate of interest or rate of return payable, information including:</p> <ul style="list-style-type: none"> (i) the date from which rate of interest or rate of return becomes payable and the due dates for rate of interest or rate of return; and (ii) the time limit on the validity of claims to rate of interest or rate of return and repayment of principal. <p>(b) Where the rate is not fixed, information including:</p> <ul style="list-style-type: none"> (i) a description of the underlying on which it is based and of the method used to relate the two; (ii) a description of any market disruption or settlement disruption events that affect the underlying; (iii) adjustment rules with relation to events concerning the underlying; and (iv) the name of the calculation agent. <p>(c) An indication of yield.</p>		
2.4	<p>Other rights</p> <p>Information relating to other rights including:</p>		
	(a) voting rights;	√	
	(b) pre-emption rights in relation to offers for subscription of Securities- of the same class;	√	
	(c) right to share in the Issuer's profits;	√	

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	(d) rights to share in any surplus in the event of liquidation of the Issuer;	√	
	(e) redemption rights, if any; and	√	
	(f) conversion rights, if any.	√	
3 TERMS AND CONDITIONS OF THE OFFER			
3.1	Terms and conditions of the offer		
	The terms and conditions of the offer including:		
	(a) the number of Securities- offered;	√	√
	(b) the price or price range of the Securities;	√	√
	(c) the identity of the seller of the Securities- where the Person- making the Prospectus Offer- is not the Issuer;	√	√
	(d) the various categories of potential investors to which the Securities- are offered. If the offer is being made simultaneously in two or more markets, and if a tranche has been or is being reserved for certain of these, indicate any such tranche and the category of investors for whom it is offered;	√	√
	(e) a description of any material interests and conflict of interests relating to the affairs of the Issuer, detailing the Persons- involved and the nature of such interests;	√	√
	(f) the Offer Period, including the opening and closing dates;	√	√
	(g) the manner of allocation of Securities- to applicants including the manner in which Securities- are allotted in the event of over subscription;	√	√
	(h) proposed date for allotment of Securities;	√	√
	(i) where the Securities- to be offered confer the right to subscribe for new Securities- by existing holders of Securities- in the Issuer, details of such rights, including a statement of the maximum number of Securities- which would be created if the rights were exercised in full;	√	√
	(j) the effect the issuance of the Securities- will have on the capital structure of the Issuer;	√	√

	CONTENTS OF PROSPECTUS — SECURITIES NOTE	Shares	Shares (REMS)
	(k) particulars of any commissions or other fees to be paid by the Issuer in relation to the offer;	√	√
	(l) all relevant details of the appointment of an underwriter on a firm commitment basis, including the nature of the obligations of the underwriter, quotas, plan of distribution, commission and, if a portion of the offer is not covered, a statement of the portion not covered;	√	√
	(m) all relevant details of the appointment of placing agents appointed on a 'without a firm commitment' basis or under a "best efforts" arrangement, including quotas and placing commission;	√	√
	(n) details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment;	√	√
	(o) methods of payment for the Securities, particularly as regards the paying up of Securities- which are not fully paid or are payable by instalments;	√	√
	(p) in the event of the offer not proceeding, the details of the procedure and means under which the money obtained from applicants will be returned;	√	√
	(q) process for notification to applicants of the amount of Securities- allotted and indication whether dealing may begin before notification is made;	√	√
	(r) provided applicants are allowed to withdraw their subscription, an indication of the period during which an application may be withdrawn;	√	√
	(s) in the case of new Securities, a statement of the resolutions, authorisations and approvals by virtue of which the Securities- have been or will be created and/or issued;	√	√
	(t) the details of any Convertible, including an indication of the conditions governing the procedures for conversion, exchange or subscription;	√	√
	(u) the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised;	√	√
	(v) if advisors to the Issuer are connected with the offer, a statement of the professional or other capacity in which such advisors have acted; and	√	√
	(w) the name and address of any paying agents and depository agents in each country.	√	√

	CONTENTS OF PROSPECTUS — SECURITIES NOTE	Shares	Shares (REMS)
3.2	<p>Plan of distribution and allotment</p> <p>(a) Pre-allotment disclosure relating to:</p> <ul style="list-style-type: none"> (i) the division into tranches of the offer including institutional, retail and Issuer's- employee tranches and any other tranches; (ii) the conditions under which a claw-back right may be used, the maximum size of such claw-back and any applicable minimum percentages for individual tranches; (iii) the allotment method or methods to be used for the retail and Issuer's-employee tranche in the event of an over subscription of these tranches; (iv) a description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups; (v) whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which intermediary firm they are made through or by a target minimum individual allotment if any within the retail tranche; (vi) the conditions for the closing of the offer before the end of the Offer Period-as well as the date on which the offer may be closed at the earliest; and (vii) whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled. <p>(b) The details of any over-allotment option, including existence and size of the over-allotment option, the period in which the over-allotment option may be exercised and any conditions on exercising such option.</p>	√	√
	4 OTHER INFORMATION		
4.1	<p>Audit and source of information including use of expert reports</p> <p>(a) Where information has been included in the Securities Note- which has been audited or reviewed by auditors and where auditors have produced a report, reproduction of the report or, with permission of the AFSA, a summary of the report.</p> <p>(b) Where information has been sourced from a third party, details of the identity of the source of the information along with a confirmation that the information has been accurately reproduced and that as far as the Issuer- is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.</p>	√	

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	<p>(c) Where a statement or report attributed to a Person- as an Expert- is included in the Securities Note- :</p> <ul style="list-style-type: none"> (i) the name, business address, qualifications and any material interest such a Person- has in the Issuer; and (ii) if the report has been produced at the Issuer's- request, a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the Expert- who has authorised the contents of that part of the Securities Note-. 		
4.2	<p>Dilution</p> <p>Information relating to dilution including:</p> <ul style="list-style-type: none"> (a) the amount and percentage of immediate dilution resulting from the offer; and (b) in the case of a offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer. 	√	
4.3	<p>Takeovers</p> <p>Information relating to any Takeovers-including:</p> <ul style="list-style-type: none"> (a) the existence of any mandatory Takeover- bids and/or squeeze-out, sellout, or poison pill requirements in relation to the Securities; and (b) any public Takeover- bids by third parties in respect of the Issuer's- equity, which have occurred during the last financial year and the current financial year, including the price or exchange terms attaching to such offers and the outcome thereof. 	√	
4.4	<p>Investments by controllers and any lock-up arrangements</p> <ul style="list-style-type: none"> (a) Information, if available to the Issuer, whether: <ul style="list-style-type: none"> (i) Directors, controllers or the senior management of the Issuer intends to subscribe to the offer; and (ii) any other Person- intends to subscribe for more than 5% cent of the offer. (b) The details of any lock-up arrangements relating to Persons-exercising senior management functions of the Issuer, including the Persons-subject to such lock-up and the procedures involved and the period of the lock up. (c) Information about whether there is or could be a material disparity between the price of the Securities- offered pursuant to the offer and the effective cash cost to Directors- and the senior management of the Issuer (Related Persons) 	√	

		Shares	Shares (REMS)
	CONTENTS OF PROSPECTUS — SECURITIES NOTE		
	of the Securities- acquired by such Persons-in transactions during the past year or which such Persons- have the right to acquire, and if so, a comparison of the cost to the public and Related Persons-in their acquisition of Securities.		
	5 ADMISSION TO TRADING		
5.1	(a) The proposed dates for: <ul style="list-style-type: none"> (i) admission to an Official List of Securities; and (ii) admission to trading on an Authorised Market Institution; (iii) admission to listing or trading by a Financial Service Regulator- or Authorised Investment Exchange; and (iv) any other such comparable event in respect of the Securities-. 	√	√
	(b) The actual dates on which: <ul style="list-style-type: none"> (i) the Securities were admitted to an Official List of Securities; (ii) the Securities were admitted to trading on an Authorised Market Institution; (iii) the Securities were listed or admitted to trading by a Financial Services Regulator or Authorised Investment Exchange; and (iv) any other such comparable event took place in respect of the Securities. 	√	√
	(c) An estimate of the total expenses related to the admission to trading.		



