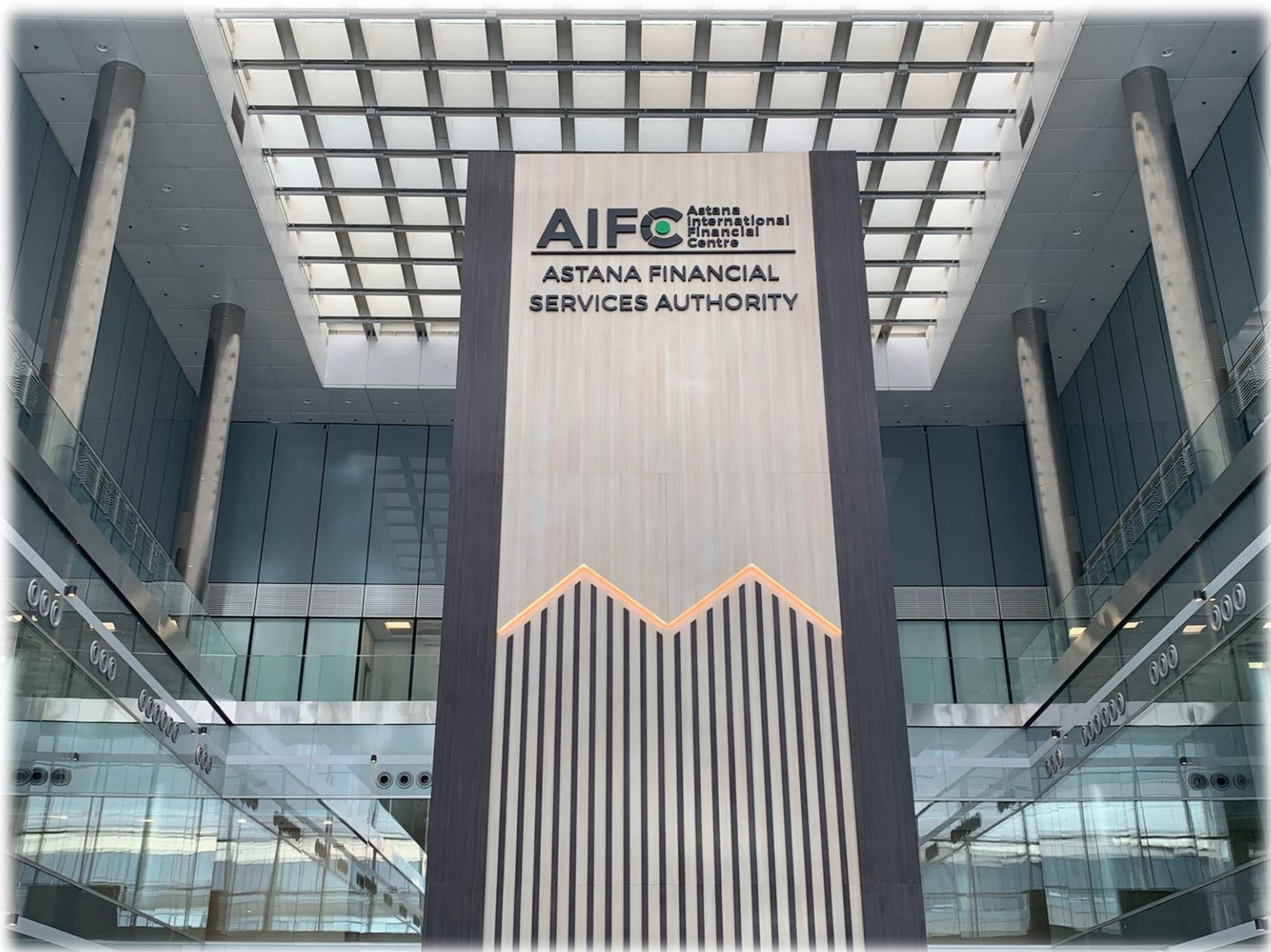


Astana Financial Services Authority

Annual Report 2018



DISCLAIMER

This Annual Report contains general information about the AFSA and is intended for informational purposes only. The AFSA shall not be responsible for any liability arising from the use of the information herein.

This Annual Report contains forward-looking statements concerning AFSA activities. All statements (other than statements of historical fact) are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on the AFSA Board of Directors' and the AFSA Executive Body's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. There are several factors that could affect the future operations of the AFSA and could cause those results to differ materially from those expressed in the forward-looking statements included in this Annual Report.

All forward-looking statements contained in this Annual Report are expressly qualified in their entirety by the cautionary statements contained or referred to herein. Readers should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of this Annual Report. Neither the AFSA nor any of its officers, agents or employees undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this Annual Report.

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EXECUTIVE SUMMARY

The Astana Financial Services Authority (AFSA) has completed its first full year of operations covering the period from 1 January 2018 through 31 December 2018. During its inaugural year, AFSA has largely focused on the complex task of establishing an environment that delivers fair and transparent financial and capital markets, in which individuals and institutions act with integrity. These efforts have facilitated the main Astana International Finance Centre (AIFC) goals of:

- 1) Becoming a regional hub for financial services and capital markets in Eurasia through the development of a regulatory framework for financial services of AIFC;
- 2) Creating alignment of the AIFC legal framework with international standards;
- 3) Scaling up the registration, authorisation and supervision functions of AFSA;
- 4) Developing FinTech.

AIFC Legal and Regulatory Framework

AFSA has contributed to the development of AIFC strategy through the introduction of a robust legal and regulatory framework. This has enabled banking, insurance/reinsurance and takaful/retakaful businesses, private electronic currency trading, extended private placement regimes and IPOs to happen through the Centre. Anti-money laundering, Islamic Finance and Dematerialised Investment related rules were further enhanced.

AFSA has significantly enhanced the legislative framework governing legal entities in the AIFC to: (i) promote the highest standards of corporate governance; (ii) reflect a more effective and coherent structure for the Registrar of Companies; (iii) enhance the framework for supervision and enforcement; (iv) propose an appropriate framework for protecting whistle-blowers; (v) meet international standards set by the Organisation for Economic Co-operation and Development (OECD), the Financial Action Task Force (FATF) and the International Organisation of Securities Commissions (IOSCO); and (vi) meet the needs of AIFC participants by expanding the range of legal entity types available within the AIFC.

The regulatory framework was enhanced with nine new regulated activities related to banking, insurance and takaful businesses and one market activity for regulating a private e-currency trading facility. Overall, as of 1 January 2019, the AIFC financial services framework included 25 types of regulated activities, 3 types of market activities and 5 types of ancillary services. The legal framework was also enhanced by new two types of legal entities: restricted scope companies and protected cell companies.

Commitment to International Standards and International Cooperation

Pursuing its commitment to adopting and implementing a regulatory regime based on international standards in which international and domestic investors have confidence, AFSA joined 3 international organisations: IOSCO in April 2018, International Association of Insurance Supervisors (IAIS) in November 2018 and Banking Supervisors from Central and Eastern Europe (BSCEE), a regional group of the Basel Committee on Banking Supervision (BCBS), in November 2018. These three institutions represent the fundamental pillars of financial services regulation – capital markets, insurance and banking. Membership in these global standard-setters lays the foundation for efficient alignment of the regulatory framework of the AIFC with international standards. Fruitful cooperation continued with the OECD on the exchange of information for tax purposes, with the Islamic Financial Services Board (IFSB) and Accounting and Auditing Organisation for Islamic Finance Institutions (AAOIFI) on Islamic Finance regulation standards and the UN Sustainable Insurance forum on sustainable insurance practices. Cooperation with international development finance institutions continued with respect to attracting technical assistance and international expertise as per AFSA's priorities, including the World Bank, the International Monetary Fund and the European Bank for Reconstruction and Development.

With a view to assisting the regulatory and supervisory objectives of AFSA, 11 bilateral agreements and memorandums on supervisory and regulatory cooperation have been signed with regulators from Asia, Eastern Europe, Africa, Middle East and Caucasus. In addition, effective working-level contacts have been built with over 10 foreign financial services regulators.

Registration of Companies

Performing the corporate register functions of the AIFC, AFSA has steadily contributed to the formation of financial markets by the AIFC. By the end of 2018 the number of registered firms had reached 110. In 2018 most of the firms registered with the AIFC originated from Kazakhstan, where local firms naturally leveraged first mover advantage (69% or 76 firms). Eight UK-based firms, comprising 7% of all companies incorporated in the AIFC, indicate that the AIFC's Common Law-based jurisdiction is attractive. 6% of firms came from Finland (6) and 4% (4) from Hong Kong. Overall, AIFC participants represent 13 countries from Europe, Asia and North America.

Deployment of FinTech in the AIFC

FinTech development in the AIFC has been streamlined through developing and enhancing regulatory frameworks to set requirements specifically tailored to new innovative financial products and services, as well as the authorisation and supervision of participants of FinTech Lab, which is a tailored regulatory environment within the AIFC that enables FinTech businesses to test and develop their innovations without immediately incurring the full set of regulatory requirements for providing financial activities through the AIFC.

12 firms were accepted for testing their innovations in the FinTech Lab. Notably, the vast majority of firms in the FinTech Lab are foreign companies representing jurisdictions such as Hong Kong, the UK, the USA and the UAE. They are engaged in a wide range of activities, such as money services, digital currency, crowdfunding, digital banking, Islamic cooperative and others.

In order to facilitate cross-jurisdictional cooperation in innovation and referrals, the AFSA has entered into 3 bilateral agreements with foreign regulators, launched the Regional initiative on recognition of FinTech licences in Central Asia and Commonwealth of Independent States and jointly launched the Global Financial Innovations Network with 11 partners worldwide.

Authorisation and Supervision

AFSA has developed fully-fledged authorisation and supervision functions in 2018 which are embedded in the Regulatory Office of AFSA, carrying out authorisations, conduct and prudential regulation. The required procedures, guidelines and guidebooks have also been developed in conjunction.

The regulated community constituted 55 companies, comprised of brokerage firms, market institutions, regulated firms and ancillary service providers.

During 2018 AFSA advised many potential applicants, dealing with enquiries and calls on authorisation and registration topics. Most enquiries were related to the procedures and requirements for authorisation, including internal policies and procedures (such as anti-money laundering (AML), and compliance policies) that firms need to submit.

Key Initiatives

Within the reporting period, AFSA has implemented a number of initiatives directed at the optimisation of business processes, consumer protection and human capital development.

As part of the simplification of procedures for AIFC Participants and potential applicants, a Digital Resident Solution was launched. This initiative provides access to a user-friendly web-based Self-Service portal detailing the necessary procedures for starting a business in the AIFC, including company registration and authorisation.

In support of IOSCO's World Investor Week, a series of investor protection and education events were held under the "2018 World Investor Week in AIFC" programme from 29 September until 10 October 2018. Different AIFC bodies, including AIFC Authority, International Exchange of AIFC, Bureau for Continued Professional Development and Media Centre joined with AFSA in order to hold 37 different events across 7 cities (Astana, Almaty, Shymkent, Atyrau, Karaganda, Kostanay and Ockemen), 15 universities and 5 schools for over 3,600 participants.

Committed to human capital development, AFSA has supported AIFC employee requests to participate in internships under the Bolashak programme, a scholarship programme funded by the Government of Kazakhstan. Overall during the year, 21 employees participated in different capacity building seminars, trainings, development courses and benchmarking trips.

AFSA contributes to the development of the AIFC through the establishment of a robust, yet business-friendly, regulatory framework in the AIFC with a view to facilitating the development of capital markets, banking, insurance and financial technologies in Kazakhstan. The regulatory framework of the AIFC allows it to carry out a broad range of financial and non-financial services, directly enabling new forms of economic activities in Kazakhstan and indirectly facilitating investments and job creation throughout the country. However, the main performance indicator for AFSA is its regulatory impact as measured by international indexes, which will be used to measure value creation to the local economy by AFSA. Therefore, a legal and regulatory framework that facilitates business and inspires innovation, new products and services, while ensuring the safety and robustness of the financial system of the AIFC, will reflect significant value created by AFSA.

A comprehensive set of Key Performance Indicators (KPIs) has been developed and agreed with the AFSA Board as of December 2018. These KPIs will be used to measure AFSA performance from 2019 onwards and will be reported in subsequent AFSA Annual Reports.

CHAIRMAN'S FOREWORD



Lady Barbara Judge CBE

2018 was the first fully-fledged year for AFSA, and I am pleased to report that it was a real success.

AFSA opened for business on 1 January 2018 and proceeded to establish a regulatory framework for the AIFC. In this way we contributed to the progression of the 100 Concrete Steps, the Programme set out by the First President of Kazakhstan, Nursultan Nazarbayev, which envisaged the creation of the AIFC.

The AIFC is now a truly international financial centre featuring a regulatory framework, based on English Common Law principles, that is unique, in the Central Asian region. In 2018 AIFC rose in the Global Index of Financial Centres from a position of 88th to 61st. I believe this achievement is the result of the collective effort of our entire close-knit team.

Our vision is reflected in the AFSA Strategy for 2019-2020. We aim to provide a balance between creating a predictable and transparent regulatory environment that supports financial stability, market confidence and consumer protection, while fostering sustainable development and innovation.

The AFSA's regulatory goals and objectives align with the AIFC's aim to become one of the top 20 Financial Centres in Asia and to feature among the top 30 Global Financial Centres.

2018 has been a remarkable year for enhancing AIFC's legal and regulatory framework. In particular, all the key regulatory frameworks are in place for doing business, including those for banking, insurance and capital markets, Islamic finance, private banking, FinTech and others. By the end of last year 110 firms had registered with the AIFC, demonstrating the attractiveness of our regulatory environment.

We are keen to take advantage of our geographic position near the New Economic Silk Road and the Belt & Road Initiative (BRI). Due to its strategic location between Europe and China, the AIFC aspires to be the Financial Services Hub for the BRI projects. We have fully embraced the BRI and support it with fair, transparent and efficient regulation. We look forward to working with companies engaged in BRI projects and seeking to work on an international level.

2018 was distinctive for building a critical mass of international cooperation by AFSA. Agreements and Memorandums of Understanding that were entered into by AFSA during the year have enabled it to establish relations with peer regulators from Europe, Asia, Middle East, Caucasus and Africa. Membership of international organisations

has been facilitated by AFSA's commitment to align its regulatory framework with global regulatory standards and principles. On numerous occasions, I have met with heads of banks and other financial services companies to discuss doing business through the AIFC.

Jointly with the AIFC Authority, we have worked closely with National Regulatory Authorities such as the Ministry of Finance, Ministry of Justice and the National Bank of Kazakhstan. In collaboration with the national authorities, we have pursued our goals of streamlining and simplifying the registration procedures for AIFC participants with respect to tax administration, AML and currency regulation.

I want to thank Kazakhstan's leadership for the strong political will which made AFSA's achievements in 2018 possible. Accordingly, I would like to express my gratitude to H.E. Nursultan Nazarbayev, the First President of Kazakhstan, and Dr Kairat Kelimbetov, the Governor of AIFC, for their unwavering support and wise leadership.

I would also like to thank our Board members for their cooperation, professionalism and collective expertise in discharging the governing functions of the Board and making historic strategic decisions. The members have also provided their advice on different aspects of AFSA's daily work by serving on our various committees. I want to encourage our Board Members to continue to take an active role in shaping the future direction and priorities of AFSA.

Finally, I would like to express my appreciation to the AFSA Executive Body and staff for their commitment and professionalism when carrying out their day-to-day activities. Unification around the common goal of making the AIFC a success, efficient team work and outcomes-based performance, have all helped AFSA to achieve impressive results in 2018.

I look forward to continuing our ambitious vision of becoming a globally respected regulator of financial services in Eurasia throughout 2019.

ACTING CHIEF EXECUTIVE OFFICER'S STATEMENT

The past year has marked significant progress in the strengthening of the regulatory framework of the AIFC.

Now that AFSA has regulations covering the fundamental pillars of financial services – capital markets, banking and insurance along with Islamic finance and FinTech – the AIFC offers an inclusive and robust environment for the development of financial services markets.

There are now 25 regulated and 3 market activities engaged in a globally comparable range of financial services in the AIFC. By the end of 2018 the regulated community comprised 55 companies, including 21 brokerage firms, 2 market institutions, 4 authorised firms and 28 ancillary services providers.

The authorisation of the Astana International Exchange (AIX) has been a historic milestone for AIFC and AFSA has continued its support of the AIX in preparation for its first listings, IPOs and approved AIX rules.

This positive dynamic in the securities market in the AIFC is a result of the capital markets framework being adopted as one of the first legal acts in the financial sphere. With banking and insurance frameworks adopted at the end of 2018, we expect to see the number of businesses in these areas growing in the AIFC in years to come.

In addition to regulated activities, 43 firms were engaged in non-financial activities, conducting business in IT, data processing and hosting, subsidiary management and similar areas. We shall strive further to adapt the AIFC legal and regulatory framework in order to facilitate business and inspire innovation. We shall do this by providing a platform to launch financial and regulatory technologies, products and services while also ensuring the safety and robustness of the AIFC's financial system.

As such, AFSA is committed to adopting and implementing a regulatory regime that complies with international best practices in which international and domestic investors have confidence. In 2018 AFSA became a member of IOSCO, IAIS and BSCEE as part of our long-term commitment to global standards of financial services regulation. It is the highest priority of AFSA to apply global standards and keep the regulatory framework of the AIFC aligned with the latest developments.

AFSA takes seriously the considerations of consumer protection in the AIFC. Our regulations are specifically designed to protect markets and consumers and provide for financial regulation that meets the expectations of international investors. Protecting the interests of investors and users of financial services is one of the main reasons for the establishment of AFSA and is embedded in its charter. To demonstrate its commitment to investor protection, AFSA, together with the AIFC Authority and the AIX, held a two-week long World Investor Week in the AIFC with 37 different outreach sessions, involving different groups of the population and 3,600 participants.

I would like to express my appreciation to the Board of Directors for their support and guidance both within the Board and its specialised committees, which have contributed to AFSA achieving such tangible outcomes in 2018. The diverse expertise and profound management experience of the Board members led AFSA confidently towards last year's success.

Having completed the first year of AFSA's operations, I would like to thank Dr Kairat Kelimbetov, Governor of the AIFC, for his constant support and wise stewardship. Under the Governor's leadership, a synergistic interaction among all AIFC bodies has led to remarkable achievements by the whole AIFC family.

I am thankful to fellow Executive Body members for exemplary leadership in their assigned areas of responsibility and the AFSA staff who demonstrated professionalism and strong commitment during this challenging first year of AFSA's formation. Driven by shared values, strong team spirit and common goals the whole AFSA team has managed to deliver services professionally and with excellence.

More than half of AFSA's staff hold a master's degree. Over 80% of them hold degrees from the USA, the UK, and other European countries.

Even so, we have invested and will continue to invest in the development of our people. Upward of 20 people attended multiple trainings, seminars, courses and exchange programs covering derivatives, risk management, Islamic finance and financial conduct within the partnership of IOSCO, Islamic Financial Services Board, Abu Dhabi Global Market, Financial Services Institute, IOD and DFSA.

I believe that our team is the most valuable resource in achieving AFSA's goals. I am honoured to serve as the Acting CEO, and I am proud to work side by side with the employees of AFSA.

1. INTRODUCTION

The Astana International Financial Centre (AIFC) was established as a result of the initiative of the President of Kazakhstan, Nursultan Nazarbayev, and operates as per the Constitutional Statute relating to the Astana International Financial Centre, dated December 2015. The AIFC aims to attract inward investment to the Kazakh economy through the establishment of an attractive and business-friendly environment for financial services and capital markets, including securities, insurance, banking and Islamic finance.

The Astana Financial Services Authority (AFSA) is the independent regulator of the Astana International Financial Centre, a legal entity and statutory body of the Republic of Kazakhstan established for the purposes of regulating activities related to financial services in the AIFC.

This report presents the outcomes of AFSA's operations as the regulatory authority of the AIFC during its inaugural year (2018).

Who we are

AFSA is a body established in accordance with the Constitutional Statute №438-V (07/12/2015) responsible for the regulation of financial services and related activities in the Astana International Financial Centre.

AFSA's purpose is to facilitate business by maintaining the safety and robustness of the AIFC financial system and to ensure that financial markets in the AIFC are fair, efficient and transparent. The AIFC Regulations and Rules provide for the authorisation, registration, recognition and supervision of financial firms and market institutions.

The organisation is independent in its activity and accountable to the AFSA Board, the AIFC Governor and the AIFC Management Council chaired by the President of the Republic of Kazakhstan.

What we do

AFSA is the integrated regulator of the following AIFC activities and Centre Participants:

- **Regulated and Market Activities** – covering the financial services that Centre Participants may offer after obtaining their licence - including banking, insurance, capital markets, Islamic finance, as well as market-related investment exchanges and clearing houses;
- **Ancillary Services** – covering those professional services that are ancillary to, but necessary for, the proper functioning of the financial services industry and capital market, including audit, accounting, legal, consulting and credit rating agencies, and;
- **Corporate Registration** – Administering the registration functions and the corporate governance principles that fortify the integrity of AIFC companies and companies listed on the capital market.

AFSA provides prudential regulation and seeks to ensure that licensed Centre Participants are financially sound and will monitor and mitigate institutional and systemic financial risk, including incidents of economic shock and financial disruption.

AFSA conducts business regulation, addressing both wholesale and retail provision of financial services.

AFSA supervises firms and their employees in the context of monitoring both individual and institutional integrity and ensuring high standards of conduct. It regulates corporate governance in Centre Participants and has authority over their directors and key employees who are approved by AFSA to carry out designated functions. AFSA applies the standards of the Financial Action Task Force (FATF) on the regulation of money laundering and terrorist financing.

AFSA enforces its rules by taking robust and timely action against those who do not comply with their responsibilities.

Objectives

In performing its functions and exercising its powers, AFSA pursues the following Regulatory Objectives:

- (a) the regulation, control and supervision of financial activities in the AIFC by Centre Participants with a view to ensuring the maintenance of a safe and robust financial system within the AIFC;
- (b) ensuring that financial markets in the AIFC are fair, efficient, transparent and orderly;
- (c) creating fair, transparent and non-discriminatory conditions for Centre Participants;
- (d) fostering and maintaining confidence in the AIFC's financial system and regulatory regime;
- (e) fostering and maintaining the financial stability of the AIFC's financial services industry and capital markets, including the reduction of systemic risks;
- (f) preventing, detecting and controlling 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;
- (g) protecting the interests of investors and users of financial services;
- (h) implementing a regulatory regime for financial services in the AIFC that complies with international standards;
- (i) fostering the development of financial technologies in the AIFC; and
- (j) occasionally pursuing such other objectives as may be specified by AIFC's Regulations.

Vision, Mission and Principles

Vision: To be a globally respected regulator of financial services in Eurasia, delivering a legal and regulatory framework that demands high standards of behaviour, inspires innovation and creates a fair and safe environment in which investors have confidence and business is trusted.

Mission: To establish an environment that delivers fair and transparent financial and capital markets, in which individuals and institutions act with integrity.

Principles:

- Acting in an ethical, transparent and accountable manner;
- Dealing with businesses and individuals fairly, impartially and professionally;
- Promoting the highest standards of corporate governance.

2. AFSA STRATEGY

The AFSA strategy was approved by the AFSA Board of Directors on 2 December 2018. Regulatory goals and objectives of AFSA are aligned with the AIFC's aim of breaking into the top 20 financial centres globally according to the GFCI ratings.

Fairness, transparency, financial stability and robustness, investor protection, and confidence are the foundations upon which AFSA is founded and are the hallmarks of a successful regulator.

AFSA has defined five strategic goals to accomplish its mission:

(1) Regulation

AFSA is committed to adopting and implementing a regulatory regime that complies with international standards and global best practices. AFSA already has and will continue to develop and strengthen its legal and regulatory framework and ensure that individuals and entities understand the law that applies to them, can foresee the consequences of their actions and will, therefore, organise their affairs to comply with their obligations.

AFSA will ensure that regulation is not unduly burdensome – the approach will be balanced, scalable and responsive to new initiatives, regulatory developments, risks and challenges. The legal and regulatory framework will facilitate business, support and inspire innovation by providing a platform to launch financial and regulatory technologies, products and services while also ensuring the safety and robustness of the AIFC's financial system.

(2) Prudential supervision

AFSA will establish a risk-based supervision framework and a continual supervision cycle to monitor financial activities by AIFC participants thereby fostering and maintaining confidence in the AIFC's financial system and regulatory regime.

AFSA will regulate its markets by exercising its discretion in a way that is supportive of the business environment and it will seek to ensure that the cost of regulation to AIFC participants does not outweigh the benefits. However, AFSA will have a low tolerance for deliberate misconduct that seeks to undermine the integrity of the AIFC and its value proposition. AFSA will engage in proactive oversight of the AIFC participants to monitor and mitigate risks.

(3) Business conduct

AFSA will promote integrity, transparency and client protection in business conduct, through licensing and disclosure requirements and other internationally recognised regulations on client and investor protection.

AFSA will strive to protect customers from activities not permitted in the AIFC and from financial products that are high risk, through the strict enforcement of rules, and will resolve disputes between customers and AIFC participants in a fair and timely manner.

(4) National and international cooperation

AFSA will work jointly with the AIFC Bodies to engage with the AIFC participants and continually seek feedback to enhance business facilitation within the AIFC.

AFSA has a responsibility to develop its international relations in order to establish itself as a reputable, reliable and trusted financial services regulator under multilateral cooperation mechanisms and bilateral cooperation arrangements.

- *Multilateral cooperation* will be pursued with a view of AFSA's priorities to apply global standards and keep the regulatory framework of the AIFC aligned with the latest developments. Memberships in the international organisations would also facilitate international recognition and position AFSA as a reputable and recognised regulatory authority.
- *Bilateral cooperation* will seek to establish relations with peer regulators from other countries and financial centres in order to be able to exchange information about regulatory and supervisory cooperation. AFSA will also incrementally pursue establishing bilateral relations with regulatory authorities of Europe and Asia, starting with China, Russia and CIS.

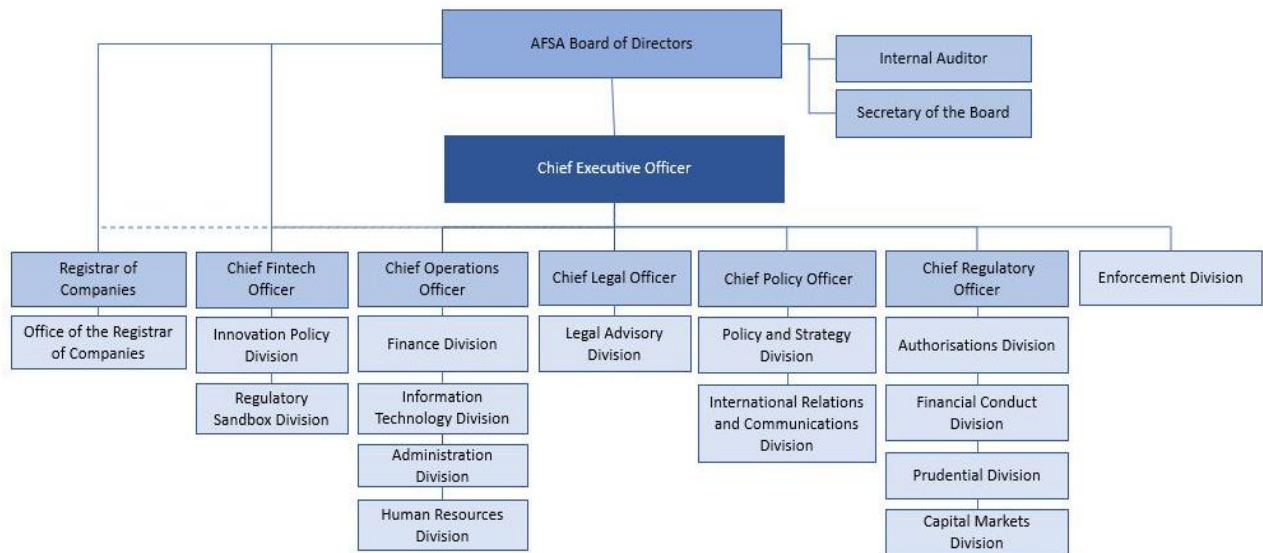
(5) Effective authority

As a newly-created financial regulator, AFSA needs to develop and effectively deploy its human and institutional capacity. AFSA intends to acquire resources (human capital, knowledge, financial, infrastructure, networks, systems and procedures) and integrate them in a way that develops the institutional capacity of AFSA, promotes its objectives, and provides efficient and effective operational and regulatory outcomes.

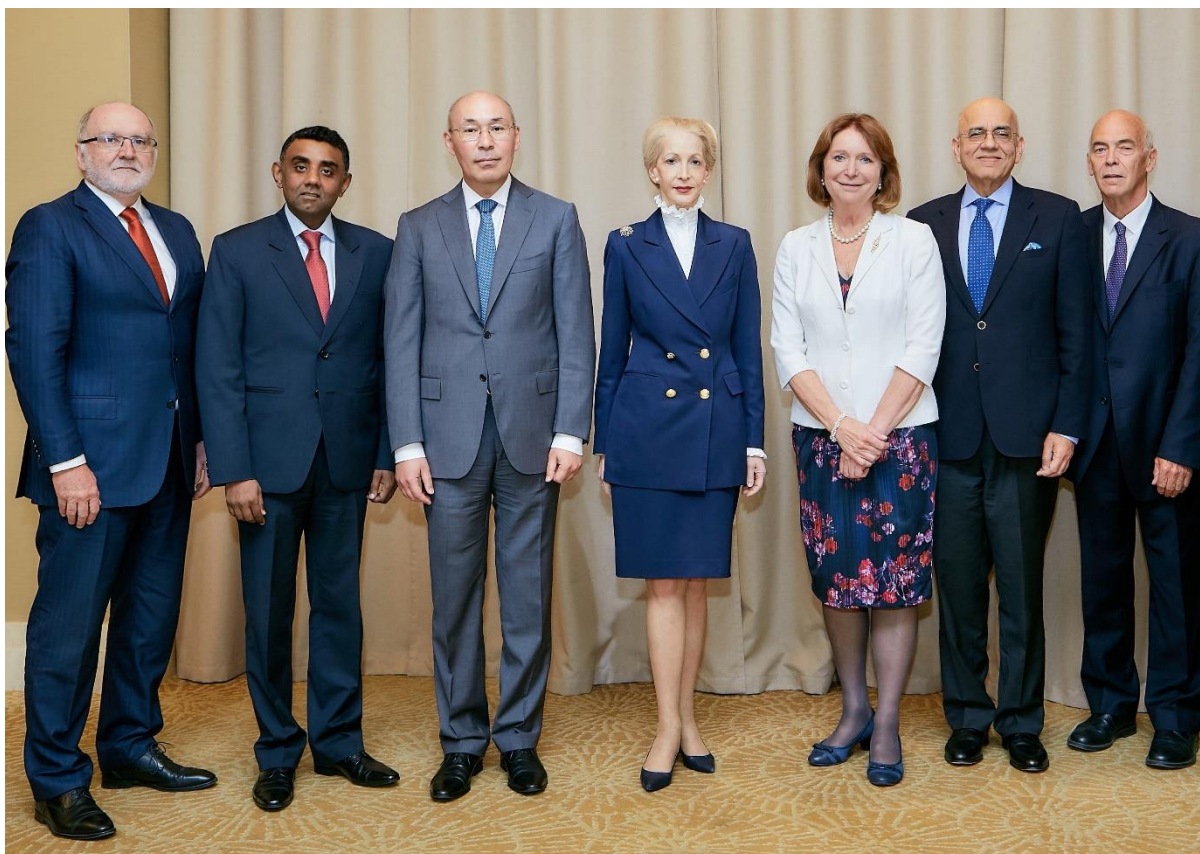
AFSA strongly commits to developing and strengthening the knowledge of the legal and regulatory framework in the AIFC to promote good compliance practices and to build a community that operates with high levels of corporate governance and integrity.

AFSA's regulatory effectiveness is also largely dependent upon its infrastructure. Its priority will be to apply modern regulatory standards, build a secure IT infrastructure and facilitate technological innovations.

3. AFSA GOVERNANCE MODEL AND ORGANISATIONAL STRUCTURE



4. BOARD OF DIRECTORS



The AFSA Board of Directors with AIFC Governor Kairat Kelimbetov

Role of the Board of Directors

The Board is the governing body of AFSA with overall responsibility to oversee the Executive Body of AFSA and carry out management of AFSA's activities without interfering in the day-to-day operations. The Board identifies the strategic directions of AFSA's activities, adopts AFSA's regulatory acts and within AFSA's competence exercise other powers established by resolutions of the AIFC Management Council and/or the AIFC Governor within the competence of such bodies in accordance with the Applicable Law.

AFSA is headed by the Chairman of the Board Lady Barbara Judge CBE, who is appointed and dismissed by the AIFC Management Council. The Chairman of the Board is appointed by the Council for a fixed term. The Board consists of a Chairman, executive and non-executive (independent) members.

Powers and functions of the Board

- Identifying strategic directions and/or objectives of AFSA and making strategic decisions affecting the future operation of AFSA;
- Approving AFSA's business plan, annual budget and annual report;
- Overseeing the discharge by the Executive Body of the day-to-day business of AFSA;

- Monitoring the Executive Body's performance against AFSA's strategy, objectives, business plan and budget and ensuring any necessary corrective action is taken;
- Appointing and dismissing the chief executive officer of AFSA (the "CEO") and other members of the Executive Body after consultations with the Governor;
- Regularly reporting (at least annually) to the Council and the Governor on AFSA's activities;
- Reviewing and approving the financial statements of AFSA not less than once a year;
- Appointing AFSA's external auditors;
- Adopting AFSA's rules and regulations concerning financial and related services and any other matter within AFSA competence;
- Approving (and agreeing on any revisions to) the AFSA corporate governance code, code of ethics and business conduct, and internal policies of AFSA;
- Determining and approving, at least annually, the types and threshold values for transactions that should be approved by the Board and approving those transactions;
- Taking part in determining the values and culture of AFSA and overseeing their communication, implementation and enforcement; and
- Exercising, within AFSA's competence, other powers established by decisions of the Council and/or the Governor.

Committees of the Board of Directors

The Board of Directors has created three internal Committees having both consulting and advisory functions. All committees are established by the Resolution of the Board. These Committees report to the Board at every meeting, through their respective Chairmen (appointed by the Board), on the most significant matters that they have addressed.

Audit and Risk Committee (ARCo)

The function of the ARCo is to assist the Board as to the quality of the financial management of AFSA and the adequacy of its systems of internal controls as well as the identification and management of significant risks to AFSA's objectives and activities.

Nomination and Remuneration Committee (RemCo)

The primary function of the RemCo is to advise the Board, the AFSA Executive Body and the Governor about recruitment and severance policies and practices to enable AFSA to recruit and retain directors, executives and employees at all levels, at a cost that is commensurate with the resource requirements of AFSA, its budget and market conditions.

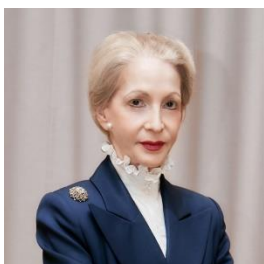
Legislative Committee (LegCo)

The primary purpose of the LegCo is to assist the Board in discharging its policymaking and legislative functions, including the development of legislation related to the regulation of financial services and related ancillary activities conducted through the AIFC.

Overview of decisions and work of the Board

- (1) 10 meetings were held during 2018, including five face-to-face meetings, four in absentia and one by means of a conference call.
- (2) The regulatory framework was significantly strengthened as 10 legal acts were approved:
 - Amendments to AML Rules
 - AIFC Glossary
 - Insurance and Reinsurance Framework
 - Takaful and Retakaful Framework
 - Amendments to Banking Rules Framework
 - Amendments to Islamic Finance Framework
 - Amendments to Legal Entities Framework
 - Amendments to AIFC Dematerialised Investment Rules
 - Pre-IPO Listing Rules
 - Private E-Currencies and Extended Exempt Offerings Framework
- (3) 9 internal documents were approved.
- (4) The Board has effectively guided and governed AFSA during 2018, having provided 19 instructions and given assignments.

Member Profiles



Lady Barbara Judge CBE

Chairman of the Board, Chairman of Nomination and Remuneration Committee

Lady Barbara Judge is an American-British lawyer and businesswoman and has a broad, international career as a senior executive, chairman and non-executive director, in both the private and public sectors.

She was the youngest ever commissioner of the US Securities and Exchange Commission. She is currently Chairman of CIFAS, the United Kingdom's fraud prevention service, the former Chairman of the UK Atomic Energy Authority and the Pension Protection Fund. She was also Deputy Chairman of the UK Financial Reporting Council and a non-executive director of a number of other public and private tech companies.

In June 2010 she was awarded Commander of the British Empire (CBE) in the Queen's Birthday Honours for services to the nuclear and financial services industries. In 2015 she received the Times Non-Executive Director award for her chairmanship of the Pension Protection Fund.



Angela Knight CBE

Deputy Chairman of the Board, Chairman of Audit and Risk Committee

Mrs Angela Knight is the Chair of the Office of Tax Simplification for HM Treasury; the Senior Independent Non-Executive Director of TP ICAP Plc, the largest global interdealer broker; an independent Non-Executive Director of the UK housebuilder Taylor Wimpey Plc; and specialist finance company Provident Financial Plc. She has served on a number of other UK company boards and has been the CEO of Energy UK, the British Bankers' Association, and the Association of Private Client Investment Managers and Stockbrokers.



Gregory Tanzer

Non-executive member of the Board, Chairman of Legislative Committee

Mr Gregory Tanzer is a qualified solicitor and barrister with extensive financial regulator experience in Australia. He served as a Commissioner of the Australian Securities and Investments Commission and Secretary General of the International Organisation of Securities Commissions.



Masood Ahmed

Non-executive member of the Board

Mr Masood Ahmed currently serves as President of the Centre for Global Development. He has previously held several positions in the International Monetary Fund and served as Director General for Policy and International Development at the UK Government's Department for International Development. Mr Ahmed has also held various positions at the World Bank.



Dr Akash Deep

Non-executive member of the Board

Dr Akash Deep is Senior Lecturer in Public Policy at Harvard University's John F. Kennedy School of Government. He has served as Senior Economist at the Bank for International Settlements in Switzerland and been a consultant and expert for the World Bank, the International Finance Corporation, the United Nations, the European Bank for Reconstruction and Development, the Asian Development Bank, the Inter-American Development Bank, and the International Centre for Settlement of Investment Disputes.



Marc Holtzman

Non-executive member of the Board

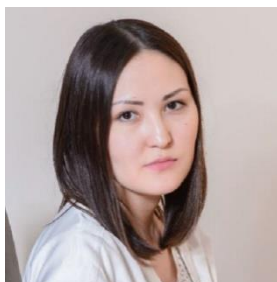
Mr Marc Holtzman is the Chairman of Bank of Kigali, the largest Bank in Rwanda. Previously he headed KazKommertsBank in Kazakhstan, Meridian Capital HK and served as Vice Chairman of Barclays Capital and as Vice Chairman of ABN Amro Bank. Mr Holtzman also currently serves as a member of the Board of Directors of TeleTech, the world's leading provider of analytics-driven technology-enabled services and FAT Brands, a global franchisor of leading restaurant brands.



Dr Iain Saville CBE

Non-executive member of the Board

Dr Saville is an independent non-executive director and chairs the risk committee of European Central Counterparty N.V. He had a varied career for 20 years in the Bank of England. Dr Saville served as an independent Advisor and Director to the European Central Bank for 5 years on the design and delivery of the EU's securities settlement system, TARGET2. Previously, he was the founder and CEO of CREST (UK-based central securities depository) and an Executive Director of Computershare.



Zere Seidimbek

Non-executive member of the Board

Ms Zere Seidimbek serves as Chief Internal Policy Officer of the AIFC Governor's Council. She was responsible for the development of the regulatory framework in the AIFC and setting up AFSA as an independent regulatory authority of the AIFC. Previously she held senior executive positions at the Development Bank of Kazakhstan, Kazakhstan Public-Private Partnership Centre, Q-BRO (subsidiary company of the National Bank of Kazakhstan).



*Lady Barbara Judge CBE, Chairman of the Board,
Opening Ceremony of the AIFC, Astana Finance Days,
5 July 2018, Astana, Kazakhstan*



*Mrs Angela Knight CBE, Deputy Chairman of the Board,
Astana Finance Days, 5 July 2018, Astana, Kazakhstan*

5. EXECUTIVE BODY

Role of the Executive Body

The Executive Body is an operating body of AFSA and is responsible for the implementation of strategic decisions set by the Board. It is also responsible for ensuring control and supervision over the enforcement of the AIFC Acts on regulation of financial services and managing day-to-day activities. The Executive Body may also exercise any other powers, as set out by resolutions of the AIFC Management Council and/or resolutions of the AIFC Governor and/or decisions of the AFSA Board.

The members of Executive Body are appointed and dismissed by a decision of the Board after consultations with the Governor. The Executive Body is chaired by the CEO, who acts on behalf of and represents AFSA in relations with other organisations.

Powers and functions of the Executive Body

- Carry out the day-to-day operations of AFSA;
- Develop and submit, for adoption by the Board within its competence strategies, policies, internal documents and the rules and regulations of AFSA;
- Implement the strategy approved by the Board and decisions of the Board;
- Develop and deliver the strategic objectives identified by the Board;
- Prepare the draft financial statements and business plans and the annual budget and annual reports of AFSA, submitting them to the Board for approval;
- Form committees of the Executive Body to consider specific issues if necessary;
- Oversee the establishment of effective risk management and control systems;
- Exercise any other powers and functions, as set by decisions of the Council or the Governor or the Board.

Overview of key decisions

Executive Body members, including the CEO, meet regularly as often as it is necessary and at least once per month to discharge their duties effectively. The Executive Body also reviews and pre-approves matters which fall within the authority of the AFSA Board of Directors.

During 2018, the Executive Body members met to discuss and approve (or pre-approve) various issues including:

- Discussion and pre-approval of draft AIFC policy papers:
 - Policy proposal on currency regulation in the AIFC and Draft Amendments to AIFC Governor Order on the terms of and the procedure for currency transactions related to the provision of financial and professional services in the territory of the AIFC;
 - Policy Paper on Amendments to AIFC Islamic Finance Rules;
 - Policy Paper on the Framework on Preferential Creditors (AIFC Preferential Creditor Rules);
 - Policy Paper on Takaful Regulation in the AIFC.

- Review and discussion of draft AIFC Acts:
 - Draft Act on Pre-IPO and i-Link;
 - Draft AIFC FinTech legislative framework;
 - AIFC Acts on Insurance and Reinsurance;
 - Amending Legal Entities Framework and Preferential Creditor Rules.
- Approval of Executive Body Terms of Reference;
- Consideration of Current and Planned Internal Policy and Procedure Documents;
- Pre-approval of AFSA Organisational Structure and Staffing schedule;
- Approval of delegation of the general powers of the CEO and designation of the “Officer of the Day”.

Executive Body Committees

The Executive Body may form committees to consider specific issues. During 2018 two such committees started to operate in AFSA:

Authorisation, Waivers and Modifications Committee

The objective of the Committee is to assist the Chief Executive Officer of AFSA (the “CEO”) in exercising his or her responsibility and power to consider and render decisions and directions in respect of applications:

- (a) for a licence or recognition to carry on any regulated activity provided for in or under the AIFC Financial Services Framework Regulations (the “Framework Regulations”), and/or
- (b) to modify or waive any provision of Rules issued under the Framework Regulations, by providing reasoned advice, guidance and recommendations in respect of same;

Committee on Authorisation of FinTech Regulatory Sandbox Applications

The objective of the Committee is to assist the Chief FinTech Officer of AFSA in exercising his responsibility and power to consider and render decisions and directions in respect of applications for a Sandbox Permission to deploy and test FinTech Innovations in the FinTech Regulatory Sandbox.

Member Profiles



Mukhtar Bubeyev

Acting CEO, Chief Policy Officer

Mr Mukhtar Bubeyev joined AFSA as a Chief Policy Officer in January 2017. From 9 July 2018 he was assigned as the Acting CEO of AFSA.

Mukhtar Bubeyev is a professional in Kazakhstan's banking supervision and financial services sector. Previously he worked as Chief Risk Officer at the ATF Bank (Kazakhstan), Head of Strategy and Research at the National Bank of Kazakhstan, Head of Banking Supervision in Financial Markets Supervision Agency of Kazakhstan, Head of Financial Models Research in Kazakhstan's Ministry of Finance. He also served as a supervisory board member for Kazakhstan Deposit Insurance Fund and Kazakhstan's National IT Holding, Zerde.

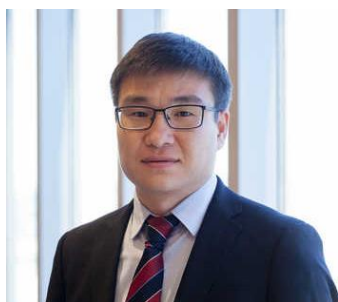


Aizhan Zhantayeva

Chief Operations Officer

Ms Aizhan Zhantayeva joined AFSA in March 2018 as Managing Director and Chief Operations Officer.

Aizhan Zhantayeva has more than 15 years' work experience in government bodies, corporate companies, start-ups and the national companies JSC National Agency for Export and Investment and JSC Corporation for Export Development and Promotion. She worked as Adviser to CEO in the AIFC Authority and Human Resources director at both the National Bank of Kazakhstan and ATF Bank.



Assylbek Davletov

Chief FinTech Officer

Mr Davletov as the Chief FinTech Officer is responsible for implementing and operating the AIFC Fintech Regulatory Sandbox and developing the regulatory policies to facilitate the adoption of technological innovations in the financial industry. He oversees the

activities of two divisions: Fintech Regulatory Sandbox Division and the Innovation Policy Division.

Prior to joining AFSA, Mr Davletov served in senior-level positions at the AIFC Authority, National Bank of Kazakhstan and Parliament of Kazakhstan.



André Gelin

Chief Legal Officer

Mr André Gelin currently holds the position of Chief Legal Officer of AFSA. He is a career financial services regulatory counsel with nearly 20 years of experience.

His roles prior to joining AFSA included senior-level positions in Morgan Stanley's Global Financial Crimes Legal Advisory Group, the Qatar Financial Centre Regulatory Authority's Office of the General Counsel, the US Securities and Exchange Commission's Office of Compliance Inspections and Examinations, Lehman Brothers and Schulte Roth and Zabel LLP.



The AFSA Board of Directors and Executive Body with the AIFC Governor at the Astana Finance Days, 3-5 July 2018, Astana, Kazakhstan

6. LEGAL AND REGULATORY FRAMEWORK

The focus of legislative development workstreams of AFSA has been aimed at shaping the financial regulatory environment of the AIFC by establishing a legal and regulatory regime which is fit-for-purpose and complies with international standards. At the same time, tailoring of the regime to ensure it is synergistic with the domestic and regional regimes has been factored in. In developing a regulatory regime, AFSA has been guided by the consideration that regulation is not burdensome to the extent that its benefits are outweighed. Accordingly, AFSA's approach has been balanced, scalable and responsive to new initiatives, challenges, risks and regulatory developments.

In 2018 nine new regulated activities related to banking, insurance and takaful businesses, and one market activity for regulating private e-currency trading facility, enhanced the AIFC regulatory framework.

Overall, the AIFC financial services framework includes three types of market activities, 25 types of regulated activities and 5 types of ancillary services as follows:

Market Activities	Regulated Activities	Ancillary services
1. Operating an Exchange	1. Dealing in Investments as Principal	1. Providing Legal Services
2. Operating a Clearing House	2. Dealing in Investments as Agent	2. Providing Audit Services
3. Operating a Private E-currency Trading Facility	3. Managing Investments	3. Providing Accountancy Services
	4. Managing a Collective Investment Scheme	4. Providing Consulting Services
	5. Providing Custody	5. Providing Credit Rating Services
	6. Arranging Custody	
	7. Providing Trust Services	
	8. Providing Fund Administration	
	9. Acting as the Trustee of a Fund	
	10. Advising on Investments	
	11. Arranging Deals in Investments	
	12. Managing a Restricted Profit Sharing Investment Account	
	13. Islamic Banking Business	
	14. Providing Islamic Financing	
	15. Insurance Intermediation	
	16. Operating a Representative Office	
	17. Accepting Deposits	
	18. Providing Credit	
	19. Advising on a Credit Facility	
	20. Arranging a Credit Facility	
	21. Providing Money Services	
	22. Effecting Contract of Insurance	
	23. Carrying on Contracts of Insurance	
	24. Takaful Business	
	25. Insurance Management	

Two new types of legal entities also enhanced AIFC's legal framework: restricted scope companies and protected cell companies.

Overall, the AIFC financial services framework now allows the following forms of legal entities:

- **Companies:** public and private, special purpose companies, investment companies, protected cell companies, and restricted scope companies;
- **Partnerships:** general, limited and limited liability;
- **Non-profit incorporated organisations.**

LEGISLATIVE INITIATIVES OF 2018

The AIFC has developed and implemented a robust legal and regulatory framework aimed at providing a conducive and safe environment for the sustained growth of banking, insurance and takaful businesses in the Centre. The table below summarizes this legislative development work.

Development of:	Enhancement of:
<ul style="list-style-type: none"> • Banking Legislative Framework • Insurance and Reinsurance Legislative Framework • Takaful and Retakaful Legislative Framework • Private E-currencies and Extended Exempt Offerings Framework • Cooperation and Information Exchange Framework (IOSCO) • Ultimate Beneficial Ownership Framework (OECD, FATF) • Pre-IPO Listing Framework 	<ul style="list-style-type: none"> • Legal Entities Framework • Islamic Finance Framework • AML Framework



First public consultation on AIFC Financial Services Regulatory Framework, Astana, Kazakhstan.

Banking Business in the AIFC

The AIFC Banking Business Rules adopted in July 2018 now allow banking business to be conducted in the AIFC. Banks in the AIFC can operate a wide range of business models practised in the banking world, depending on their intended business goals, strategies and other characteristics. These may range from commercial banks providing a loan, accepting deposits, engaging in trade finance and transaction banking services to investment banks focussed on M&A, global markets businesses, big-ticket corporate lending and project finance.

Banks in the AIFC can accept deposits only from professional clients as defined in the AIFC Conduct of Business rules, while they can provide credit to any type of client either retail or professional. In addition to these two specific activities which are typically provided by commercial banks operating in any market, an AIFC bank may offer a range of other regulated and non-regulated financial services through the AIFC.

The AIFC's banking business regulatory framework is fully consistent with the Basel Accords on capital adequacy and on the Basel Core Principles for Effective Banking Supervision.

With respect to banks operating as branches in the AIFC, the rules mandating capital adequacy requirements do not apply thus branches are not required to maintain capital. All other regulatory obligations for banks are applied to branches as set out in the Banking Business Rules. In particular, the liquidity requirements including the quantitative requirements are also applicable to branches.

Insurance and Takaful Business in the AIFC

The range of regulated activities in the AIFC has been enhanced to cover insurance and takaful business. The prudential framework for insurance business has been drafted with a view to reflecting international best practices. In particular, it reflects the Insurance Core Principles (ICP) published by the International Association of Insurance Supervisors (IAIS) and updated most recently in November 2017. The prudential framework for takaful business has been developed based on the standards and guidelines issued by the Islamic Financial Services Board (IFSB) on governance, risk management and solvency of takaful businesses

A feature of leading international insurance regimes is a restriction on insurers combining different kinds of insurance business, and on the combination of insurance and non-insurance business. Such requirements are directed at limiting 'internal-contagion' risk. This is the risk that losses or liabilities from one activity might deplete or divert financial resources held to meet liabilities from another activity. The AIFC Insurance and Reinsurance Prudential Rules, therefore, prohibit insurers from carrying out both general and long-term insurance business and require insurers to limit non-insurance activities to those that are directly connected with, or carried out for the purposes of, insurance business.

The definition of General Insurance includes the following 20 categories: accident, sickness, land vehicles, railway rolling stock, aircraft, ships, goods in transit, fire and natural forces, damage to property, motor vehicle liability, aircraft liability, liability of

ships, general liability, credit, suretyship, miscellaneous financial loss, legal expenses, assistance, space and space liability. Long-term Insurance encompasses four categories: life and annuity, marriage and birth, linked long-term¹, and permanent health.

The AIFC Insurance prudential framework sets out special requirements for captive insurers. A captive insurer may take the form of a protected cell company (PCC) which is a form of legal entity that consists of a core and one or more cells which are legally segregated for the purposes of insolvency law. A captive insurer incorporated as a PCC may maintain multiple cells but requires the permission of AFSA to create a new cell.

The AIFC framework introduced a new concept of the “Packaged Product”. The rules require Authorised Firms which produce packaged products to prepare a product disclosure document containing detailed prescribed information. This includes both relatively generic details relating to all packaged products (such as the identity and status of the Authorised Firm) to highly granular information relating just to life policies (such as the allocation of bonuses, illustrations of the potential return to the policyholder and the effect on that return of the authorised firm’s own charges and expenses).

Amending AIFC Legal Entities Framework

AFSA has significantly enhanced the legislative framework governing legal entities in the AIFC to promote the highest standards of corporate governance; reflect a more effective and coherent structure for the Registrar of Companies; enhance the framework for supervision and enforcement; propose an appropriate framework for protecting whistle-blowers; meet international standards set by OECD, FATF and IOSCO; and meet the needs of AIFC participants by expanding the range of legal entity types available within the AIFC.

Key highlights include:

- ***Promoting the highest standards of corporate governance in the AIFC.*** The amendments to the Companies Regulations will ensure a robust, transparent corporate governance regime through the respective duties of company directors, the powers of the Registrar and extending the reporting requirements as per OECD standards.
- ***Ensuring an effective and coherent structure for the Registrar of Companies.*** The AIFC Companies Regulations were amended to align the functions and powers of the Registrar to his or her status as an officer of AFSA.
- ***Enhancing the framework for supervision and enforcement.*** The amendments to the Companies Regulations will ensure that AFSA has an effective, streamlined and efficient process available to supervise, investigate and sanction misconduct through granting additional powers to the Registrar.

¹ Includes investment life insurance or “Life Policies”.

- ***Proposing an appropriate framework for protecting whistle-blowers.*** By providing enhanced protection for whistle-blowers, the new rules will ensure that the AIFC's whistleblowing framework is aligned with comparable international regimes.
- ***Meeting international standards: OECD/FATF recommendations.*** A new framework has been introduced to the Companies Regulations that requires the disclosure of ultimate beneficial owners. The benefits for the AIFC will include the ability to identify the ultimate beneficial owner of a legal entity, which is crucial to ensuring a transparent financial system, particularly for the purposes of tax transparency, anti-money laundering (AML) and counter-terrorist financing (CTF).
- ***Meeting international standards: IOSCO Standards.*** An enhanced framework was proposed to ensure that AFSA can meet international standards for cooperation and the exchange of information with regulators, including in particular IOSCO MMoU and EMMoU. The proposed amendments consist of high-level requirements in the AIFC Financial Services Framework Regulations and more detailed requirements in a new set of rules, the Co-operation and Exchange of Information Rules (CO-OP). The new requirements will allow AFSA to meet international standards for cooperation and the exchange of information.
- ***Expanding the range of legal entity types available within the AIFC.*** The following new regimes were added to the current framework: Protected Cell Companies and Restricted Scope Companies. Additionally, the Special Purpose Company (SPC) regime was developed to enhance its attractiveness to AIFC participants. The proposed changes are principally designed to add flexibility in relation to the nature and number of directors, secretary and shareholders.

7. COMMITMENT TO INTERNATIONAL STANDARDS

AFSA is fully committed to adopting and implementing a regulatory regime that complies with international best practices in which international and domestic investors have confidence. As such, the highest priority of AFSA is to apply global standards espoused by global standard setters and keep the regulatory framework of the AIFC aligned with the latest developments.

International Organisation of Securities Commissions (IOSCO)

IOSCO has been a global standard-setting body ever since its creation in 1983. Its role in implementing and promoting adherence to internationally recognised and consistent standards of regulation and supervision of capital markets has been recognised globally. IOSCO's Objectives and Principles of Securities Regulation serve as standards for securities regulation and have been endorsed by both the G20 and the Financial Stability Board (FSB). These standards constitute the respective components for securities regulation under the Financial Sector Assessment Programme of the IMF and World Bank.

AFSA joined IOSCO as an Associate Member on 20 April 2018 and has been actively cooperating with IOSCO:

- Since the accession, AFSA's immediate priority has been receiving signatory status of Appendix A of IOSCO Multilateral Memorandum of Understanding for Concerning Consultation and Cooperation and the Exchange of Information (MMoU). An application was submitted in July 2018 and initial comments have been received in late November 2018;
- AFSA has received membership in European Regional Committee (ERC), Growth and Emerging Markets Committee (GEMC) and Fintech Network;
- AFSA staff attended key IOSCO events, including its Annual Conference, meetings of ERC and GEMC, as well trainings such as the Global Certificate Programme, IOSCO Principles, AML and Investment Funds Regulation.

International Association of Insurance Supervisors (IAIS)

IAIS is the global standard-setting organisation with the following mission: promoting effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders, and contributing to global financial stability.

The Insurance Core Principles (ICPs) of IAIS serve as global standards for insurance supervision and are used as components for insurance regulation under the Financial



The Acting CEO of AFSA Mukhtar Bubeyev and the Secretary General of IAIS Jonathan Dixon, Moscow, Russian Federation

Sector Assessment Programme of the IMF and World Bank. IAIS coordinates its work with other international financial policymakers and associations of supervisors or regulators and assists in shaping financial systems globally. In particular, the IAIS is a member of the Financial Stability Board (FSB), member of the Standards Advisory Council of the International Accounting Standards Board (IASB), and partner in the Access to Insurance Initiative (A2ii). G20 leaders and international standard setting bodies often call upon the expertise of the IAIS concerning issues of the regulation and supervision of global finance.

AFSA became a full-fledged member of IAIS on 26 November 2018 preceded by provisional membership from July till the accession.

AFSA is a member of the Central and Eastern Europe and Transcaucasia Group and actively participates in IAIS activities. In addition, AFSA began preparations to join the IAIS MMoU, which is a global compact for the exchange of information and cooperation between insurance supervisors.

Banking Supervisors from Central and Eastern Europe (Basel Committee)

The Group of Banking Supervisors from Central and Eastern Europe (BSCEE) is a regional group of Basel Committee on Banking Supervision (BCBS), which is the primary global standard-setter for the prudential regulation of banks and serves as a platform for global dialogue on matters of bank supervision.

AFSA formally joined the BSCEE on 26 November 2018 in Abu Dhabi at the International Conference on Banking Supervision of the Basel Committee by signing the accession agreement.

AFSA's membership of the BSCEE will allow alignment of the banking regulatory framework of the AIFC with the standards of the Basel Committee in the field of regulation and supervision of the banking services market. BSCEE facilitates cooperation among its members to help with the integration of the Basel standards and core principles and provides avenues for the exchange of information and supervisory experiences. The Group also serves as a high-level forum for technical discussions and encourages research, training and educational programs.



*After the ceremony of joining the BSCEE,
26 November 2018, Abu Dhabi, UAE*

Accession to the BSCEE is an important step towards forming a sound banking market in the AIFC. The banking sector will play a critical role in establishing the AIFC as the regional financial services hub.

Islamic Financial Services Board (IFSB)

The IFSB develops and sets global standards for the management, regulation and supervision of Islamic banking, capital markets and insurance. IFSB is mandated to promote and strengthen the robustness and stability of the Islamic financial services industry through global prudential standards and guiding principles for the industry.

The development of regulations and rules in accordance with IFSB standards creates a strong regulatory framework in the field of the regulation and supervision of Islamic financial institutions.

As the development of Islamic finance is one of the strategic pillars of the AIFC, the effective oversight and regulation of the Islamic finance market is one of the main priorities of AFSA. Having acceded to the IFSB in 2017, throughout 2018 AFSA continued its efforts to enhance cooperation with the IFSB by utilising the expertise of the Islamic Finance Department of AIFC Authority.

In 2018 AFSA became a member of the Technical Committee of the IFSB, a body responsible for advising the Council of the IFSB on technical issues. AFSA is also a member of the Working Group on IFSB Standard #15 (Revised Capital Adequacy Standard for Institutions Offering Islamic Financial Services Excluding Islamic Insurance (Takaful) Institutions and Islamic Collective Investment Schemes). In addition, the AIFC Authority hosted a workshop on Facilitating IFSB standards (April 2018, Astana).

Accounting and Auditing Organisation for Islamic Finance Institutions (AAOIFI)

The AAOIFI standards in accounting, auditing, ethics and management are fundamental to the development of systems, policies and procedures of Islamic financial institutions. Financial service regulators take into account the principles of these standards when developing the regulatory framework for Islamic financial institutions and capital markets in order to ensure an effective legal framework for participants from different jurisdictions.

In 2018 AFSA continued its efforts to enhance cooperation with the AAOIFI by utilising the expertise of the Islamic Finance Department of AIFC Authority and attending regular AAOIFI meetings. This cooperation aims to ensure the uniform application of standards by Shariah councils in order to avoid contradictions and inconsistencies between the fatwas and the practices of Islamic financial institutions.

Organisation for Economic Cooperation and Development (OECD)

AFSA strives to build a regulatory framework for financial services that is compliant with the highest standards of transparency and information exchange for tax purposes. In 2018 AFSA has worked towards the integration of the following international standards into the AIFC's regulatory framework:

- Exchange of Information on Request (Exchange of Information Standard, EOIR);
- Automatic Exchange of Information (Common Reporting Standard, CRS);
- Countering Harmful Tax Practices (Base Erosion and Profit Shifting Standards, BEPS).

In 2018 the AIFC was subject to peer review by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes as part of an overall review of Kazakhstan. AFSA initiated workstreams to address the OECD's recommendations throughout 2018 as part of its efforts to revise and improve the legal entities framework and requested the OECD's technical assistance in order to evaluate whether the legislative amendments meet the OECD's recommendations. Efforts on complying with the Automatic Exchange of Information standard have been directed toward drafting separate AIFC Rules on CRS.

A workstream on Countering Harmful Tax Practices was also started in 2018. An AFSA delegation attended the OECD Global Forum on Harmful Tax Practices in Paris in October 2018, which allowed AFSA to present the AIFC to the OECD experts on BEPS standards and raise awareness on tax practices in the AIFC. Subsequent recommendations of the Global Forum on Harmful Tax Practices have formed the basis for aligning AIFC's regulatory framework with BEPS standards.

8. INTERNATIONAL COOPERATION

Within the reporting period, AFSA continued strengthening its cooperation in the international arena through the following workstreams: (i) multilateral cooperation through integration into the global community of standard-setting organisations; (ii) bilateral relations by means of entering into bilateral agreements with foreign financial services regulators; and (iii) raising awareness of AFSA's regulatory environment and doing business in the AIFC.

PURSUING MULTILATERAL COOPERATION

Multilateral cooperation has been pursued with a view of AFSA's priorities to apply the global standards advocated by global standard setters and keep the AIFC's regulatory framework aligned with the latest developments. Core efforts were directed towards building co-operation with global standard-setting international organisations, international development finance institutions, other international organisations and international/regional initiatives.

Global standard-setting international organisations

AFSA joined three international organisations, representing the fundamental pillars of financial services regulation—capital markets, insurance and banking—thereby laying the foundation for efficient alignment of AIFC's regulatory framework with international standards:

- International Organisation of Securities Commissions (IOSCO);
- International Association of Insurance Supervisors (IAIS);
- Banking Supervisors from Central and Eastern Europe (BSCEE).

Fruitful cooperation with global standard-setters in the field of Islamic finance, Islamic banking, capital markets, takaful (insurance) continued, including:

- Islamic Financial Services Board (IFSB);
- Accounting and Auditing Organisation for Islamic Finance Institution (AAOIFI);
- R3.

International development finance institutions (IDFs):

Cooperation with IDFs also continued with respect to attracting technical assistance and international expertise as per AFSA's priorities, including the World Bank, the International Monetary Fund and the European Bank for Reconstruction and Development.

Other international organisations and international/regional initiatives:

With a view of further improving the regulatory environment, AFSA established and developed cooperation with the Organisation for Economic Cooperation and Development (OECD) and UN Sustainable Insurance Forum (SIF).



*Dr Akash Deep, Non-executive member of the Board,
Astana Finance Days, 3-5 July 2018, Astana, Kazakhstan*

PURSuing BILATERAL COOPERATION

AFSA's bilateral cooperation efforts have focused on establishing relations with peer regulators from other countries and financial centres in order to be able to exchange information under the framework of regulatory and supervisory cooperation.

2018 marked a successful year in establishing relations with counterparts in other jurisdictions. AFSA has entered into 11 agreements and memorandums on supervisory and regulatory cooperation with the following regulators:

- China Securities Regulatory Commission;
- Abu Dhabi Global Markets Regulatory Authority;
- Abu Dhabi Global Markets Registration Authority;
- Dubai Financial Services Authority;
- Qatar Financial Centre Regulatory Authority;
- Financial Regulatory Authority of Egypt;
- China Banking and Insurance Regulatory Commission;
- National Bank of Georgia;
- Bank of Lithuania, and;
- Monetary Authority of Singapore.

RAISING AWARENESS OF AIFC REGULATORY ENVIRONMENT AND PROMOTING DOING BUSINESS IN THE AIFC

In 2018 AFSA visited regulatory authorities in other jurisdictions, hosted delegations from other countries and participated in international events in order to present the AIFC. These engagements provided venues for raising awareness among peer regulators, financial circles and groups in different countries about the AIFC's advantages as a financial services hub, its regulatory environment and opportunities for doing business.

Country visits for developing regulatory cooperation

In the reporting period, AFSA visited a number of countries with the goal of establishing high-level contacts and initiating bilateral cooperation with financial services regulators.

Visits to AFSA

Nine multilateral and bilateral partners visited AFSA during the reporting period.

9. FINTECH IN AFSA

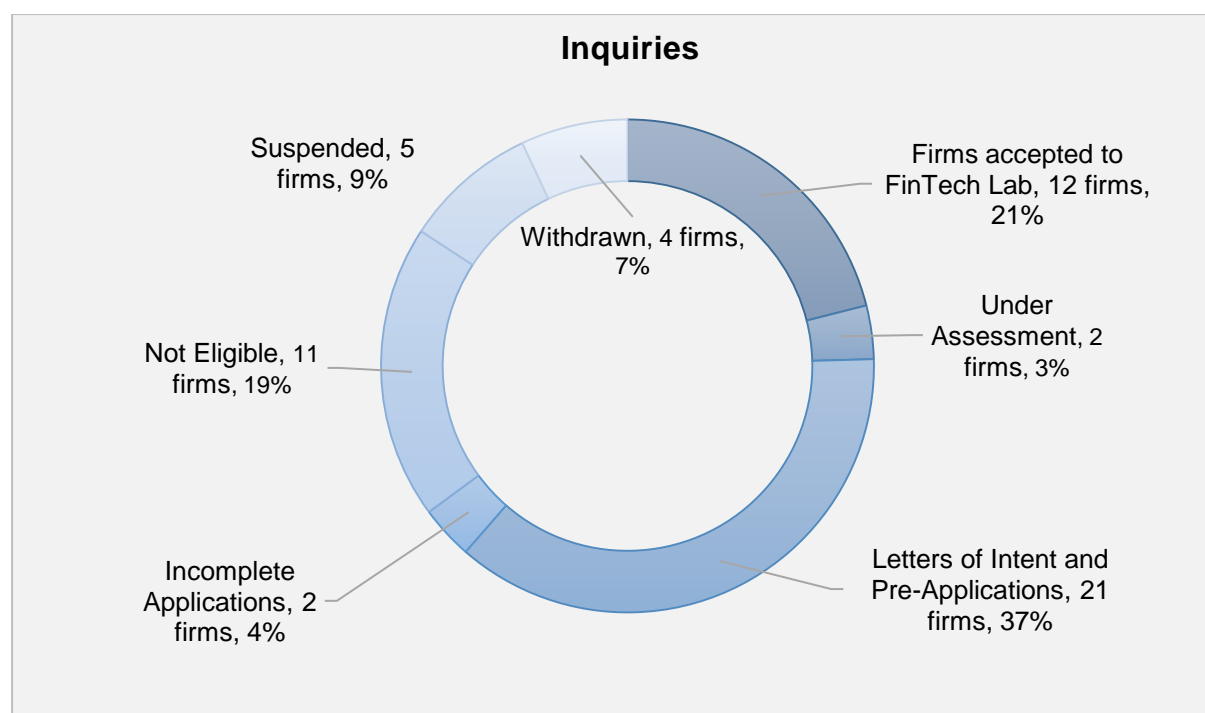
AFSA's work in the development of FinTech has been driven by the goal of establishing a favourable regulatory environment for FinTech businesses in the AIFC in a risk-based and cost-effective manner. The AIFC strategy has been followed, where FinTech is a key pillar of positioning the Centre as a regional financial hub.

The work of AFSA's FinTech Office has been streamlined through two divisions: (i) the Innovation Policy Division, responsible for developing new and enhancing existing regulatory frameworks to establish regulatory certainty and set requirements specifically tailored to new innovative financial products and services, and (ii) the FinTech Lab, tasked with the authorisation and supervision of Participants of FinTech Lab, which is a tailored regulatory environment within the AIFC that allows FinTech business to test and develop their innovations without immediately incurring the full set of regulatory requirements for providing financial activities in the AIFC.

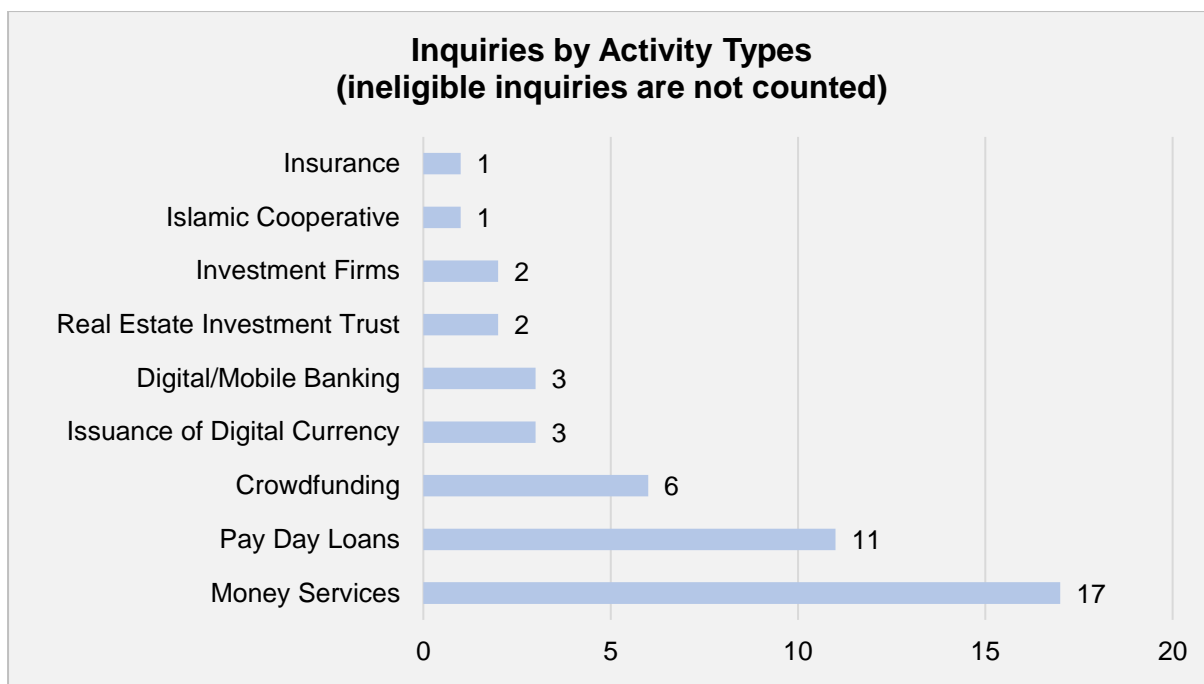
FINTECH LAB

Inquiries

In 2018 AFSA received and processed 57 FinTech-related inquiries, including full applications, pre-applications or letters of intent.



Excluding 11 ineligible inquiries, there are 9 different types of FinTech activities proposed for either testing or developing in the FinTech Lab.



Authorisation

As of 31 December 2018, 12 firms were accepted for testing their innovations in the FinTech Lab and 2 complete applications are under assessment by the FinTech Office. Notably, the majority of firms in the FinTech Lab are foreign companies representing a wide range of FinTech areas, such as Finclusion (Money Services, Hong Kong), Index Dollar (Digital Currency, Hong Kong), Small Business Stock Exchange (Crowdfunding, Hong Kong), Eurasia Continental Fintech (Digital Banking, Hong Kong), Ozara Finance (Islamic Cooperative, UK), Paysend CEX (Money Services, UK), ePlata (Money Services, USA), Pyypl Group (Money Services, UAE, ADGM), i-Dinar (Digital Currency, USA) and others.

INNOVATION POLICY

Under the innovation policy function, AFSA has completed a number of regulatory and policy initiatives, enabling effective initiation, development and deployment of innovative business in different FinTech areas.

Development of Framework on Private E-currencies

The Framework on Private E-currencies introduced a new regulated activity of Operating a Private E-Currency Trading Facility and extended the current definition of the regulated activity of providing custody to include safeguarding and administering Virtual Currencies belonging to another Person.

It also provided definitions and classification of the various types of Virtual Currencies based on their different business models and methods of operation.

Development of Framework on Extended Private Placement Regimes

The Framework on Extended Private Placement Regimes established a regulatory regime to support innovative methods of raising funds, including “Initial Coin Offerings” (ICOs) by extending the current exempt offering regime for the offer of securities by way of placement.

Provision of exemption from corporate income tax for FinTech firms

Exemption from corporate income tax for FinTech firms provided relief for FinTech Lab Participants from corporate income tax. Authorised firms by the AFSA carrying out FinTech services are exempted from corporate income tax imposed by the Tax Code of the Republic of Kazakhstan on income or capital resulting from that service. This policy aims to foster the growth of, and establish favourable conditions for, FinTech businesses in the AIFC.

CROSS-JURISDICTIONAL COOPERATION ON FINTECH

Cooperation with peer regulators on FinTech matters has been developed with the intention to facilitate cross-border cooperation in innovation and referrals.

AFSA has entered into agreements with the Abu Dhabi Global Market Financial Services Regulatory Authority (ADGM FSRA), the Bank of Lithuania (BL) and the Monetary Authority of Singapore (MAS) to establish principles for co-operation, information sharing and referrals in FinTech innovations.

The FinTech Office, together with 11 financial regulators and related organisations, engaged in the development of the Global Financial Innovation Network (GFIN), a network dedicated to advancing financial stability and integrity and consumer wellbeing and protection through innovation in financial services.



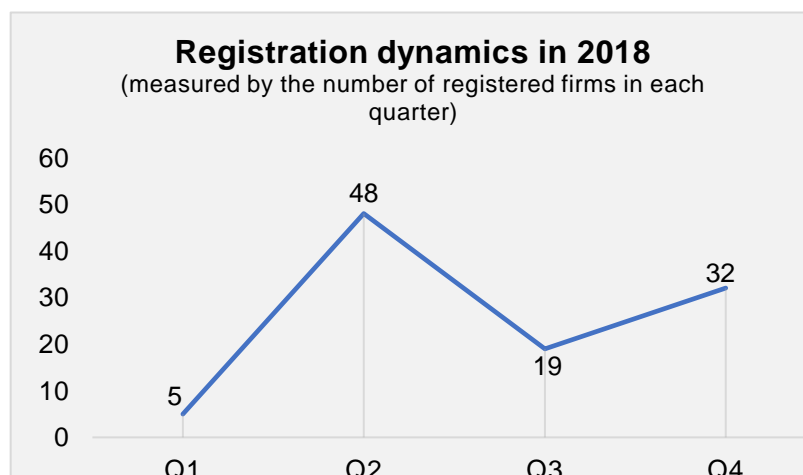
*Mr. Masood Mirza, Non-Executive Member of the Board,
Astana Finance Days, 3-5 July 2018, Astana, Kazakhstan*

10. REGISTRATIONS OVERVIEW

TRENDS AND STATISTICS

Registration dynamics

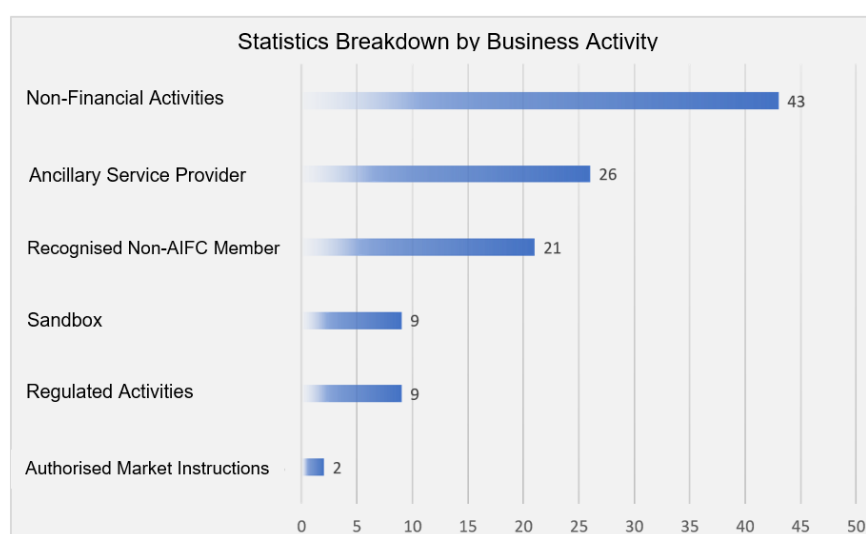
The number of registered firms reached 110 by the end of 2018. AFSA has been registering three to four firms per week on average and it is expected that this trend will continue as the pipeline of applicants remains healthy. There was a rapid growth in registration in companies in the fourth



quarter, which can be associated with the international presentation of the AIFC at the Astana Finance Days forum in July as well as a series of outreach sessions (e.g., IOSCO World Investor Week in October.) These events enabled us to raise awareness about the AIFC among the global financial community.

Breakdown by business activity

A breakdown of the data by business activity indicates that licenced activities have been dominant in 2018 comprising 60% of all activities while non-financial activities comprised 40%.



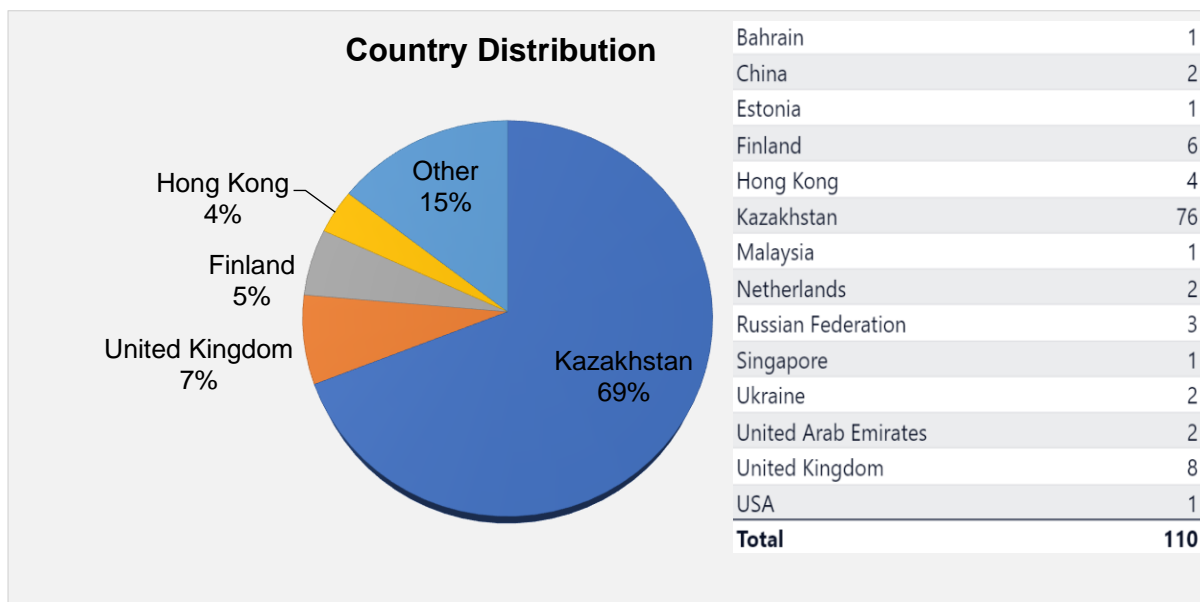
Most of the non-financial companies are conducting

activities related to IT, data processing and hosting, subsidiary management office services, performing as a non-profit incorporated organisation or acting as a holding company.

Examples of some larger, more well-known companies include Curtis Mallet-Prevost (Qazaqstan) Limited, Altyn Bank JSC (registered pending authorisation), Bolashaq Investments Ltd. (subsidiary of Samruk Kazyna JSC), a branch of China Oil HBP Science & Technology Co., Ltd. (non-financial activities), the China Development Bank Astana Representative Office, Halyk Finance Astana, LUKOIL Kazakhstan Limited (non-financial activities) and SkyBridge Invest JSC.

Geographical coverage

In 2018 most of the firms registered in the AIFC originated from Kazakhstan, where local firms naturally took advantage of being first movers (69% or 76 firms). Eight UK-based firms, comprising 7% of all companies incorporated in the AIFC, indicate that the AIFC's Common Law-based jurisdiction is attractive. Another 6% of firms came from Finland (6) and 4% from Hong Kong (4). Overall, AIFC participants represent 13 countries from Europe, Asia and North America.



Post-Registration Service and Monitoring

As the number of registered firms reached 110 by the end of 2018, the volume of post-registration services and monitoring also increased.

Type of Post-Registration Service	Number of Services
Changes in Registered Address	2
Changes in Composition of Shareholders	2
Changes in Registered Share Capital	4
Change of Approved Individuals	6
Change of Company Name	2
Amendments of Articles of Association	1

A statistical database for keeping track of registered companies was developed and successfully used during the year.

11. SUPERVISION AND AUTHORISATION OVERVIEW

AFSA developed fully-fledged supervision functions in 2018, which are embedded in the Regulatory Office of AFSA. These functions are responsible for authorisation, conduct and prudential regulation and capital markets supervision. Necessary procedures, guidelines and guidebooks have been published and efforts have commenced on the development of supervision and authorisation policies.

Key Performance Statistics

- **Total number of applications received – 61**
- **Authorised entities:**
 - Authorised Market Institutions – 2
 - Authorised Firms – 4
 - Ancillary Service Providers – 28
- **Recognised entities:**
 - Recognised Non-AIFC Members – 21
- **Approved individuals – 21**
- **Applications in progress – 6**
- **Authorisation Committee meetings held – 17**
- **Application forms published – 16**
- **Guidebooks published – 2**

AUTHORISATION FUNCTION DEVELOPMENT

Launch of the Authorisation Function

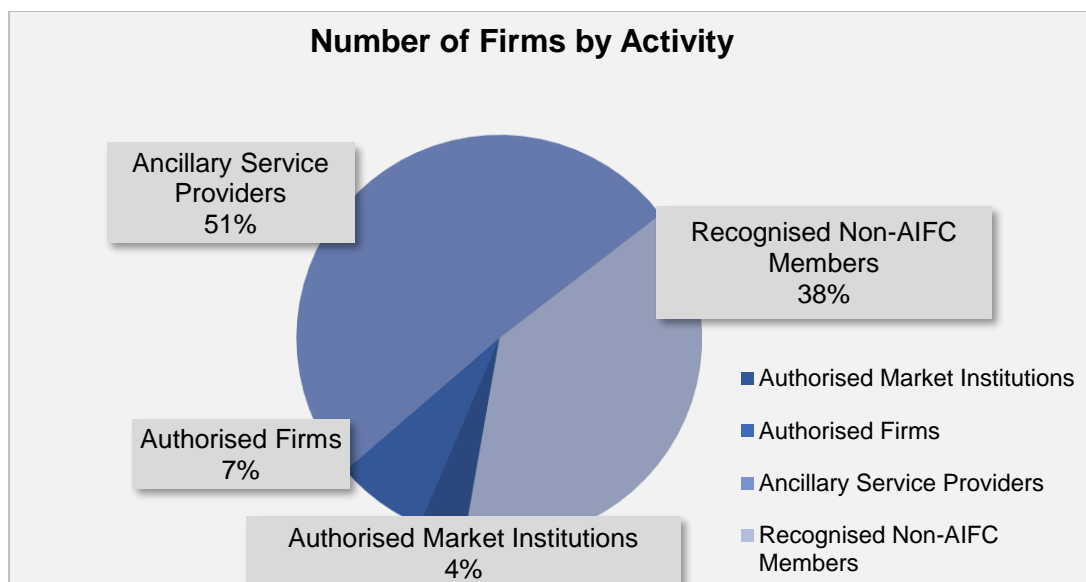
The core function of processing applications for authorisation and preparing recommendations for the approval of the AFSA Authorisation, Waivers and Modifications Committee accounted for the majority of the activity of the Authorisation Function in 2018. The Authorisations team dedicated significant effort to developing application forms for authorisation on time with the AIFC launch and adoption of the AIFC legal framework on 1 January 2018. In total, 16 application forms were published on the official AFSA website.

Organisation and Resources

The Regulatory Office was separated from the Registration Division (formerly the Registration and Licensing Division) by the decision of AFSA Board of Directors in September 2018. In response to the substantial increase in applications from firms, resources were both increased and re-organised.

AUTHORISATION OF FIRMS

In 2018 AFSA authorised 34 firms, including Authorised Market Institutions, Authorised Firms and Ancillary Service Providers. It also recognised 21 broker-dealer companies and granted trading access to the Astana International Exchange. The breakdown of firms by activity type is as follows:



Examples of authorised firms include the Astana International Exchange, the China Development Bank Astana Representative Office, China International Capital Corporation Hong Kong Securities Limited, Halyk Finance Astana, the Representative office of the Paladigm Capital Pte. Ltd. and SkyBridge JSC in the AIFC.

Authorised Market Institutions



*AFSA, AIX and Samruk Kazyna consultations on IPO,
4 May 2018, Astana, Kazakhstan*

In line with the first pillar of the AIFC strategy, which is the development of capital markets, AFSA has granted two licences for market activities: Operating an Exchange

for Astana International Exchange Limited and Operating a Clearing House for Astana International Exchange Central Securities Depository Limited.

Authorised Firms

In March 2018, the China Development Bank was granted a Licence to Operate as a Representative Office. The bank's main activity in the AIFC is the marketing and promotion of head office financial products to the market in the AIFC and Central Asia. In July 2018, Paladigm Capital Ltd, a Singapore-based company, was granted a similar Licence to promote its proprietary products from the office in the AIFC. In November 2018, two major broker-dealer companies in Kazakhstan, SkyBridge Invest JSC and Halyk Finance JSC, were each granted a Licence to conduct the Regulated Activities of Dealing in Investments as Principal and Agent, Managing Investments, Advising on Investments and Arranging Deals in Investments.

Approved Individuals

To ensure that the risk and conduct culture is embedded over the lifetime of a firm, AFSA makes assessments on whether the people that will manage the business have the right skills, expertise and experience to do so. In 2018, 21 key individuals were approved with the status of Controlled Functions, Principal Auditor or Principal Representative.

Ancillary Service Providers

In 2018, AFSA authorised 28 Ancillary Service Providers, including 17 consulting firms, 8 legal firms, 2 audit firms and 1 accountancy firm. Upon successful completion of fit and proper requirements, the Ancillary Service Providers were authorised to render a wide range of services including Management Consulting, IT Consulting, Regulatory Consulting, Legal, Accountancy and Audit Services. The two auditor firms are Russell Bedford A+ Partners International Audit Company LLC and BDO Kazakhstan LLP.

Recognised Non-AIFC Members

Due to the launch of the market institutions in the AIFC, AFSA encountered huge interest from market participants currently regulated outside of AIFC jurisdiction. Through the recognition regime, two brokerage companies regulated by the Securities and Futures Commission of Hong Kong and 19 companies regulated by the National Bank of the Republic of Kazakhstan were granted a Recognised Non-AIFC Member status upon satisfying fit and proper requirements.

Applications in progress

The details of applications in progress remain confidential although all approvals (details of the Licences granted and Approved Individuals statuses) are published on the Public Register, which can be found on the official AFSA website.

REGULATORY DEVELOPMENTS

Application forms, guidebooks and assessment reports

The application forms for authorisation and recognition were developed before the opening of the AIFC for business on 1 January 2018 and have been continuously updated during the course of the year as new Regulated Activities (such as Banking Activities) were added.

Two guidebooks (one for the Authorisation process and one for Ancillary Service Providers) were published to suit prospective applicants' needs and assist interested parties in understanding the authorisation process and requirements. Two explanatory videos were published in cooperation with the AIFC Authority to ensure that the authorisation process is clearly communicated to outside parties.

Explanatory work on the regulatory framework

Throughout the year, the Regulatory Office conducted explanatory work on the regulatory regime in the AIFC with interested parties to raise awareness and understanding about the AIFC. To this end, various presentations, round tables and joint working groups were undertaken, the regulatory content of the AFSA website was developed as well as the previously mentioned guidebooks and other authorisation process resource materials.

Policy on Authorisation and Supervision

An internal policy on Authorisation and Supervision of the Regulatory Office was developed in accordance with the regulatory objectives of AFSA.

Outreach sessions

During 2018, the Regulatory Office conducted outreach sessions for broker-dealer companies in Almaty, The Big Four accounting firms in Astana, law firms in Astana and the general public in Almaty, Kostanay, Shymkent, Ust-Kamenogorsk as part of the IOSCO World Investor Week initiative. Thematic outreach sessions answered specific questions on the Authorisation process for the targeted audiences. General outreach sessions covered the topic of investor education and protection in the AIFC by introducing the legal and regulatory framework.

12. KEY INITIATIVES REVIEW

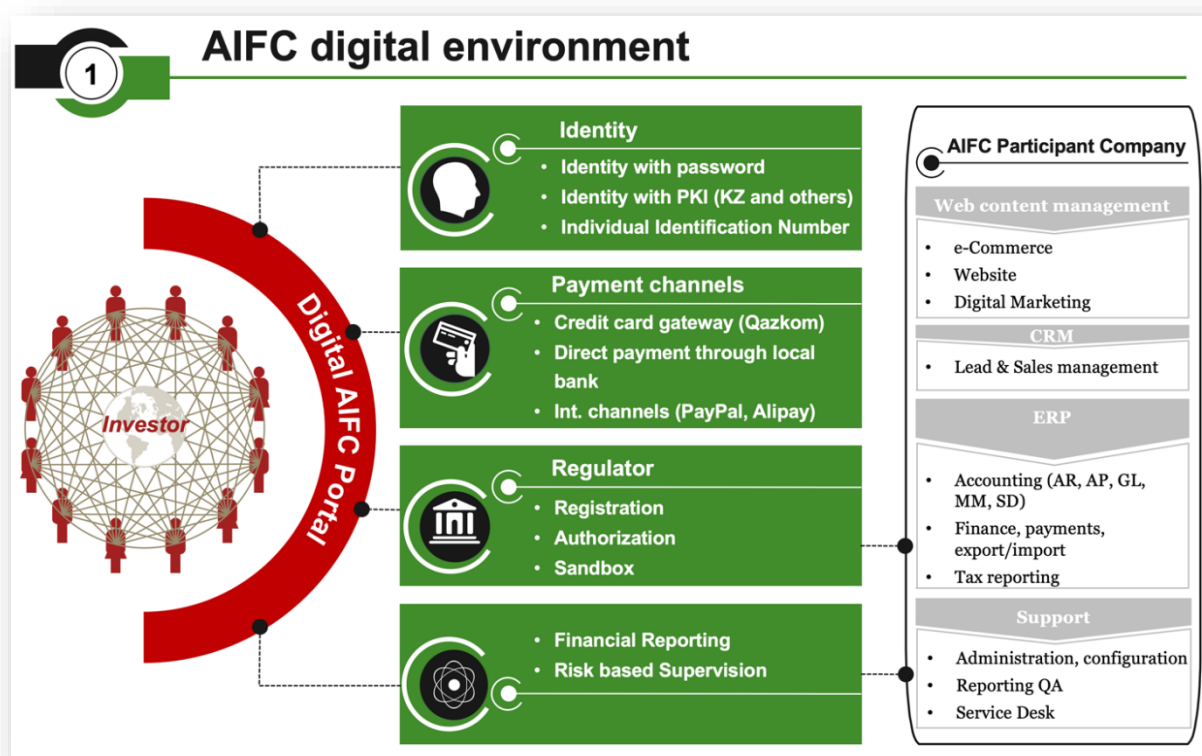
DIGITAL RESIDENT

The Digital Resident Solution is an initiative which provides access to a user-friendly digital path to complete the necessary procedures for starting a business in the AIFC via an online self-service portal (as presented in the figure below) for company registration and authorisation.

Benefits

The platform provides the following main benefits for potential participants:

1. Participants can carry out AIFC company registration and licensing procedures remotely;
2. Potential participants can save time and money since information for the different steps (company registration and licence application) can be submitted electronically from the participant's office or home.



Overview of Digital AIFC Portal

To start a business, a participant communicates directly with AFSA through the platform. The platform is a self-service portal that allows participants to submit all types of applications and address all kinds of business activities and related concerns to AFSA both instantly and directly.

Business processes

AIFC creates the overall business environment in order to attract participants. The following represents the complete business operations life cycle, which is within the scope of AFSA's regulatory focus of this business environment:

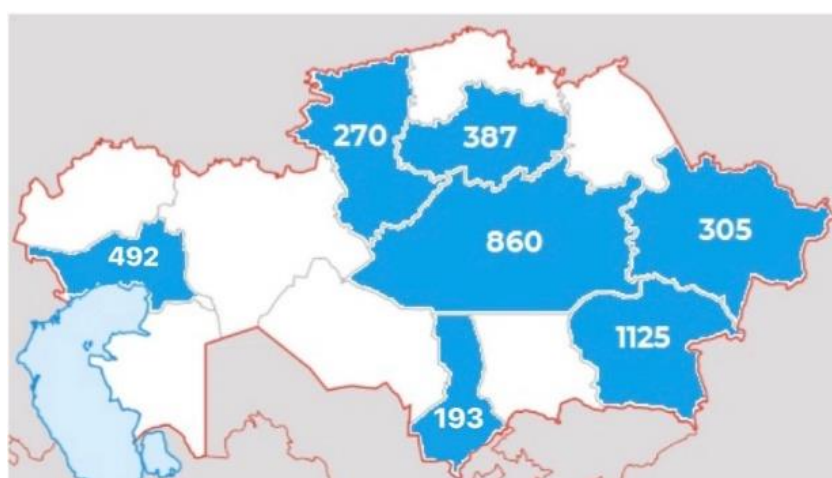


As part of the Digital Resident Project, AFSA will utilise Back Office IT systems developed by the AIFC Authority during 2019-2020 to deliver improved business processes in these areas.

WORLD INVESTORS WEEK (WIW) IN AIFC

In support of WIW 2018, AFSA initiated a series of investor protection and education events under a programme titled, "2018 World Investor Week in AIFC". Different AIFC bodies, including the AIFC Authority, AIFC's International Exchange, the Bureau for Continued Professional Development and the Media Centre joined together with AFSA to hold a total of 37 different events under this programme.

These events were aimed at investor education, raising awareness on investments fundamentals and consumer protection. The events took place from September 29 until October 10 across 7 cities (Astana, Almaty, Shymkent, Atyrau, Karaganda, Kostanay and Ockemen). Overall 3,632 participants from 15 universities and 5 schools took part in the events.



Map showing the regions of Kazakhstan involved in the activities of AIFC within WIW 2018 (including the number of participants from each region)

The Programme of 2018 WIW in AIFC consisted of six initiatives: Regional Investment Literacy program, AIFC Investment Cup, Financial Literacy Roadshow, Capital Market and Investment Protection in AIFC event, Investor's Day Conference and Islamic Finance week.

Media coverage of 2018 WIW in AIFC:

The 2018 WIW was broadly covered in Kazakh Media: A total of 86 articles, 22 press releases and 222 posts in social media were published.

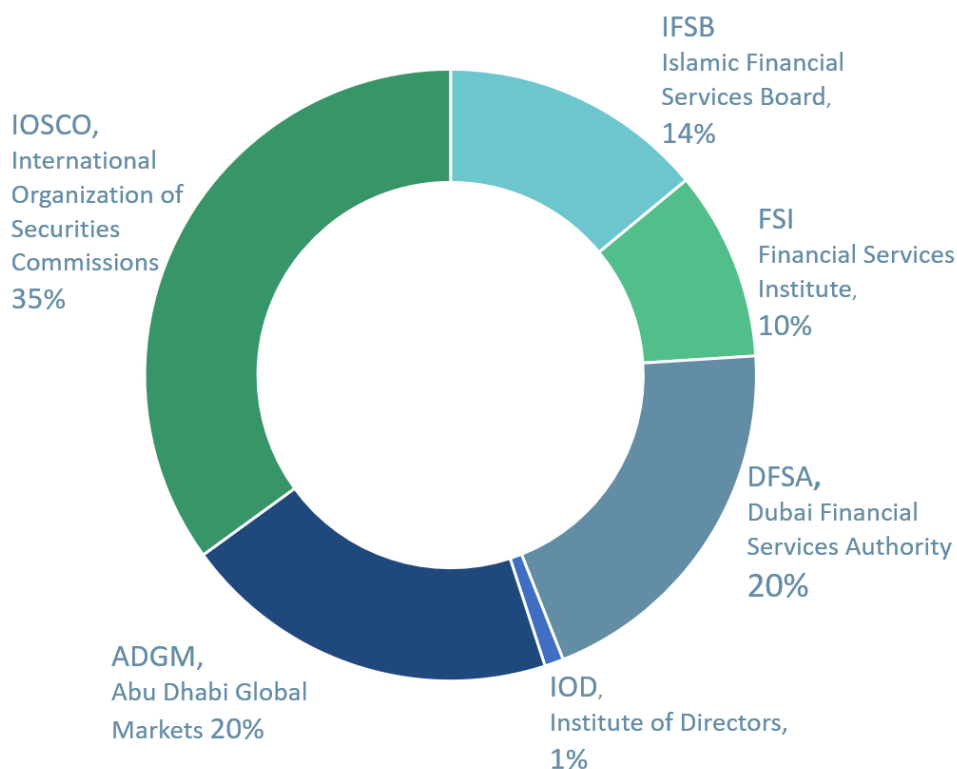
This coverage reached 3,245,563 views of all publications about WIW, according to the Centre for Analytics & Media Promotion. The average coverage per message reached over 132,000 people.

A short video on the outcomes of three of the initiatives, including the AIFC Investment Cup, Capital Markets and Investor Protection and Financial Literacy Road-Show is available [here](#).

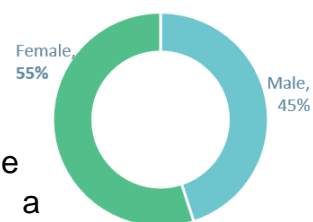
HUMAN CAPITAL DEVELOPMENT

During the year, 21 employees participated in seminars, trainings, development courses and experience exchange trips covering a wide range of topics, including derivatives, risk management, Islamic finance, and financial conduct.

AFSA employees attended these various development opportunities as a result of partnerships with the following organisations:



- As at December 2018, 84% of staff were graduates of the USA, UK and other Europe countries (4 are graduates of the Bolashak programme and 4 are graduates of the Nazarbayev University). More than half (55%) hold a master's degree.



- 7 experts were engaged during 2018.
- AFSA is committed to providing equal opportunities for men and women. Overall, women accounted for 55% of AFSA staff and men 45%.



13. LOOKING FORWARD

POLICY AND LEGISLATIVE DEVELOPMENT

The future policy work of AFSA will be directed towards further strengthening of the AIFC regulatory environment and aligning it with the international standards of IOSCO, IAIS, BCBS and IFSB. The list of planned initiatives consists of the following: (i) to introduce new services and new forms of entities; (ii) to increase transparency; (iii) to set the principles for the activities of trusts and foundations; and (iv) to introduce a simplified currency regulation regime.

Specifically, AFSA's policy work will build on adopting new legislation on foundations, trusts, currency, common reporting standards, preferential creditors, and green finance. AFSA also targets enhancing the existing legislative framework on funds, market institutions, insolvency and Islamic banking. In the future, AFSA's policy plans to design new services, such as operating a crowdfunding platform, and offer new forms of legal entities, such as foundations, incorporated cell companies and investment partnerships.

INTERNATIONAL RELATIONS

In 2019 AFSA will continue the expansion of its engagements in the international arena. The priorities of the international cooperation of AFSA will remain: (i) To raise AFSA's international profile as a reputable regulator and a trusted partner; and (ii) to create awareness and building strategic partnerships and memberships with local, regional and international stakeholders (such as standard setting bodies, international financial regulators, ministries and state agencies in Kazakhstan).

REGISTRATION

Having established registration functions in 2018, the further work of the Office of the Registrar will focus on shortening review times, simplifying the registration process and monitoring and enforcement over firms conducting non-financial business in the AIFC.

SUPERVISION

Further improvements to the overall supervision and authorisation processes and procedures will be undertaken in 2019, through ensuring a clearer stakeholder's perception of AFSA's regulatory environment is presented in order to reduce uncertainties that persist for some market participants and potential participants. Consequently, AIFC market participants will benefit from having adequate knowledge and expectations in order to better follow and comply with the regulatory frameworks.

BUSINESS CONDUCT

AFSA will promote integrity, transparency and client protection in business conduct, through licensing and disclosure requirements and other internationally recognised regulations on client and investor protection.

AFSA will strive to protect customers from activities not permitted in the AIFC, and from financial products that are high risk, through the strict enforcement of the rules

and will resolve disputes between customers and Centre Participants in a fair and timely manner.

FINTECH

AFSA's priorities in 2019 will include further strengthening of the FinTech regulatory environment in the AIFC to complement the existing framework and related rules. Upcoming initiatives on the further development of FinTech will cover: (i) Investment Activities; (ii) Payment Infrastructure; (iii) FinTech Lab; and (iv) e-Commerce, some of which will depend on the availability of funding.

The registration process for FinTech Lab applicants will see incremental improvements through revision of the Pre-Application Form, Application Form, Assessment Report, Testing/Developing Plan, automation of application submission, application assessment, reporting and supervision through an online portal.

CONTACT US

Astana Financial Services Authority

Address: Nur-Sultan, 55/17 Mangilik EI, block C3.2.

For general enquiries regarding registration and authorisation, please contact the AIFC Call Centre. Both international and local enquiries: [+7 7172 91 90 01](tel:+77172919001) or [+7 800 080 08 01](tel:+78000800801).

The AIFC Business Development Office is the first point of contact for all establishments interested in having a presence in the AIFC. We have a dedicated team of Business Development Officers who are on hand to support and guide organisations through the entire process. Contact details: +7 7172 64 73 30; +7 7172 64 73 31 or bdo@aifc.kz

For registration and authorisation inquiries, please contact us at registration@afsa.kz or authorisation@afsa.kz.