

Astana Finance Days conference highlighted promising perspectives for fund management industry in the AIFC

Nur-Sultan, Kazakhstan – the Astana Finance Days, annual conference of AIFC, highlighted promising perspectives for fund management industry of AIFC. Representatives of Astana Financial Services Authority (AFSA), European Securities and Markets Authority (ESMA), as well as fund managers from AIFC and Luxembourg have contributed to the discussion concerning the AIFC – EU Perspectives of Alternative Investment Funds on margins of the Astana Finance Days conference.

AIFC fund managers might take advantage of EU's market of alternative investments funds. More specifically, AIFC fund managers may access EU market for alternative investments funds either through national private placement regimes or take advantage of existing passport regimes through securing proper arrangement with EU based fund and its manager. The discussion also covered practical aspects of fund domiciles in EU, which requires either setting up of own fund or recruiting of existing fund managers. EU has not yet activated third country passports, yet fund managers in AIFC and EU see mutually beneficial opportunities in the area of alternative investment funds.

AIFC fund regime offers tax exemptions both for investment business companies and their clients. As a result, almost doubling of investments under management since the start of 2021 has been observed, while the number of registered investment funds tripled from the start of 2021. AIFC has seen a significant increase over second quarter of 2021 in interest from fund managers considering establishing funds in the AIFC both from private and public sectors.

AFSA in coordination with the ESMA has reached agreements with securities regulators of EU concerning cooperation in supervision of alternative investment fund managers (AIFM) under the European Union (EU) AIFM directive. These agreements set the framework conditions and represent new opportunities for AIFC fund managers to market and manage alternative investment funds, such as hedge funds, private equity and real estate funds to professional investors in relevant countries of EU, as well as for EU firms to manage or market alternative investment funds in the AIFC.

Mukhtar Bubeyev, Chief Executive Officer of the AFSA, commented: "I believe that AIFC is a very promising destination for fund management industry. This sector is integral to financial markets of any successful financial centre and the AIFC has an aspiration of becoming a leading hub in Eurasia for financial services. AIFC naturally leverages its geographic position to provide international investors with access to markets in Central Asia and Eurasia. Our recent agreements with EU securities regulators give new opportunities for AIFC based fund managers to access EU markets."

Reference:

The Astana Financial Services Authority (AFSA) is the independent regulator of the Astana International Financial Centre (AIFC), which is established in accordance with the Constitutional Law of the Republic of Kazakhstan "On the Astana International Financial Centre" for the purposes of regulating financial services and related activities in the AIFC. AFSA administers the AIFC Regulations and Rules and is responsible for the authorization, registration, recognition and supervision of financial firms and market institutions in the AIFC.

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The Astana International Financial Centre was created by the initiative of the First President of the Republic of Kazakhstan, Leader of the Nation, Nur-Sultan Nazarbayev as part of the “100 steps to implement five institutional reforms” national program.

The Centre’s development strategy until 2025 was approved by the Management council of the AIFC during the council’s meeting on July 2, 2020.

In accordance with the strategy, the vision of AIFC is in becoming the leading financial centre in the region that includes Central Asia, the Caucasus, EAEU countries, western China, Mongolia, and Eastern Europe.

The mission of the AIFC is in assisting the sustainable and long-term development of the region. As the head of state Tokayev noted, “AIFC, with its unique opportunities, can act as a universal platform that connects the countries in the region.”

The strategic directions for the sustainable development of the AIFC include the development of a circular economy, financial technologies, and “digital financial centre.”

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