



**AMENDMENTS No. 3.1
FINANCIAL SERVICES FRAMEWORK
REGULATIONS**

Approval Date: 24 June 2019

Commencement Date: 24 June 2019

Nur-Sultan, Kazakhstan



In this document, a blue font and underlining indicates new text and strikethrough indicates deleted text, unless otherwise indicated.

Part 6. CAPITAL MARKETS

Chapter 1. Authorised Market Institutions

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54. Enforcement of Business Rules

- (1) If a Person who is under an obligation to comply with or enforce any of an Authorised Market Institution's Business Rules fails to meet that obligation, an application to the AIFC Court may be made by:
 - (a) the AFSA; or
 - (b) the Authorised Market Institution; or
 - (c) the operator of a clearing and settlement facility with which the Authorised Market Institution has clearing and settlement arrangements; or
 - (d) a Person aggrieved by the failure.
- (2) After giving an opportunity to be heard to the applicant and the Person against whom the order is sought, the AIFC Court may make orders giving directions to:
 - (a) the Person against whom the order is sought; or
 - (b) if that Person is a Body Corporate, the directors of the Body Corporate; or
 - (c) if that Person is a Listed Fund, the Fund Manager of the Listed Fund,about compliance with, or enforcement of, the Business Rules.
- (3) For the purposes of this section:
 - (a) if a Body Corporate fails to comply with or enforce provisions of the Business Rules of an Authorised Market Institution, a person who holds Securities of that Body Corporate that are able to be traded on a market operated by the Authorised Market Institution is taken to be a Person aggrieved by the failure;



(b) if a Fund Manager of a Listed Fund fails to comply with or enforce provisions of the Business Rules of an Authorised Market Institution in respect of that Listed Fund, a person who holds Units in that Listed Fund is taken to be a Person aggrieved by the failure.

- (4) There may be other circumstances in which a Person may be aggrieved by a failure for the purposes of this section.

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58. AFSA power to give directions to an Authorised Market Institution

Without limiting the application of section 95 (Exercise of supervisory powers by the AFSA), the AFSA may direct an Authorised Market Institution to:

- (a) close the market or facilities operated by an Authorised Market Institution in a particular manner or for a specified period; or
- (b) suspend transactions on the market or through the facilities operated by the Authorised Market Institution; or
- (c) suspend transactions in Securities, Units of a Listed Fund or Private E-currencies conducted on the market or through the facilities operated by the Authorised Market Institution; or
- (d) prohibit trading in Securities, Units of a Listed Fund or Private E-currencies conducted on the market or through the facilities operated by the Authorised Market Institution; or
- (e) defer for a specified period the completion date of transactions conducted on the market or through the facilities operated by the Authorised Market Institution; or
- (f) prohibit a specified Person from undertaking any transactions on the facilities operated by the Authorised Market Institution; or
- (g) do any act or thing, or not do any act or thing, in order to ensure an orderly market, or reduce risk to the AFSA's objectives.



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Chapter 2. Offer of Securities

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61. Definition of an Offer of Securities

An Offer of Securities means a communication to any Person in any form or by any means, presenting information on the terms of the Offer and the Securities offered, so as to enable an investor to decide whether or not to buy or subscribe to those Securities but excluding:

- (a) any communication in connection with the trading of Securities admitted to trading on an Authorised Investment Exchange; or
- (b) any communication made for the purposes of complying with the on-going reporting requirements of the AFSA or an Authorised Market Institution; or
- (c) any other communication prescribed in the Rules by the AFSA.

Guidance: Offers of Units of a Listed Fund

For the avoidance of doubt, this Chapter 2 does not apply to the Offer of Units of a Listed Fund. While a Unit of a Listed Fund is, in general terms, a type of security, it is not a Security for the purposes of the Framework Regulations (as defined in the Glossary (GLO)) or any other AIFC Financial Services Regulations or Rules to which GLO applies. Rules in relation to the Offer of Units of a Listed Fund are set out, inter alia, in the AIFC Collective Investment Scheme Rules. Fund Managers should also refer to the applicable Business Rules.

Chapter 3. Admission to trading

62. Prohibition – Admission to trading

A Person may not have Securities or Units of a Listed Fund admitted to trading on an Authorised Investment Exchange unless:

- (a) such **Securities** Investments have been admitted to the Official List maintained by the Authorised Investment Exchange; and



- (b) [in relation to Securities](#), a Prospectus in relation to the relevant Securities containing the information prescribed for this purpose by the AFSA has been approved by the Authorised Investment Exchange; [and](#)
- (c) [in relation to Units in Listed Funds other than Overseas Listed Funds](#):
 - (i) [the Fund is a Non-Exempt Fund under the AIFC Collective Investment Scheme Rules](#); [and](#)
 - (ii) [there are Offering Materials in relation to the relevant Units and the Authorised Investment Exchange has satisfied itself that such Offering Materials satisfies the requirements in AIFC Collective Investment Scheme Rules](#).

[Guidance: Units of a Listed Fund](#)

[For the avoidance of doubt, a Prospectus is not required in relation to Units of a Listed Fund. The requirements in relation to Offering Materials, which apply to Units of a Listed Fund \(other than Overseas Listed Funds\), are set out in the CIS. The requirements in relation to Offering Materials for Overseas Listed Funds will be regulated according to the Business Rules.](#)

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Chapter 4. Listing

64. Maintaining an Official List ~~of Securities~~

- (1) Subject to (3), an Official List ~~of Securities~~ for an Authorised Investment Exchange may be maintained by either the relevant Authorised Investment Exchange or the AFSA.
- (2) An Authorised Investment Exchange must, when maintaining an Official List ~~of Securities~~, comply with the relevant requirements in these Regulations and the Rules made thereunder.
- (3) The AFSA may, at any time, transfer the responsibility for maintaining an Official List ~~of Securities~~ hitherto maintained by an Authorised Investment Exchange to the AFSA where it considers it necessary or desirable to do so.
- (4) An Authorised Investment Exchange must not permit trading of Securities [or Units of a Listed Fund](#) on its facilities unless ~~these Securities~~ [such Investments](#) are admitted to, and not suspended from, an Official List ~~of Securities~~ maintained by the Authorised Investment Exchange or the AFSA except where otherwise prescribed in the Rules.



65. Listing Rules Requirements

- (1) An Authorised Investment Exchange must, when maintaining an Official List ~~of Securities~~, establish and maintain Listing Rules as part of its Business Rules.
- (2) The Listing Rules of an Authorised Investment Exchange must contain such provisions as are prescribed in the Rules.
- (3) Where the AFSA maintains an Official List ~~of Securities~~, it will, by Rules, prescribe the relevant Listing Rules.

66. Admission of Securities or Units in a Listed Fund to an Official List ~~of Securities~~

- (1) An Authorised Investment Exchange or the AFSA may grant admission of Securities or Units of a Listed Fund to an Official List ~~of Securities~~ maintained by it only where it is satisfied that such admission is in accordance with the relevant Listing Rules.
- (2) Where a Person applies to have Securities or Units of a Listed Fund admitted to an Official List ~~of Securities~~ maintained by an Authorised Investment Exchange or the AFSA, the Authorised Investment Exchange or the AFSA, as is relevant, must notify the applicant in writing of its decision in relation to the application for admission of ~~Securities~~ such Investments to the Official List ~~of Securities~~.
- (3) Where a Person has any Securities or Units in Listed Funds included on an Official List ~~of Securities~~, such ~~Securities~~ Investments must be admitted to trading on an Authorised Investment Exchange as soon as possible.
- (4) Where any Securities or Units in Listed Funds included in an Official List ~~of Securities~~ are not admitted to trading in accordance with the requirement in section 66(3), such ~~Securities~~ Investments must be removed from the Official List ~~of Securities~~.
- (5) The AFSA may, by Rules, prescribe any circumstances in which Securities or Units of a Listed Fund admitted to an Official List ~~of Securities~~ need not comply with the requirement in section 66(3).

67. AFSA objection to admission of Securities or Units of a Listed Fund to an Official List ~~of Securities~~

- (1) Where an Authorised Investment Exchange maintains an Official List ~~of Securities~~, the AFSA may:



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- (a) object to the admission of Securities [or Units of a Listed Fund](#) to such an Official List ~~of Securities~~; or
- (b) impose conditions or restrictions in respect of the admission of Securities [or Units of a Listed Fund](#) to such an Official List ~~of Securities~~, or vary or withdraw such conditions or restrictions,

in the circumstances specified in section 67(3).

- (2) Where the AFSA maintains an Official List ~~of Securities~~, the AFSA may:

- (a) refuse an application for admission of Securities [or Units of a Listed Fund](#) to such an Official List ~~of Securities~~; or
- (b) impose conditions or restrictions, in respect of the admission of Securities [or Units of a Listed Fund](#) to such an Official List ~~of Securities~~, or vary or withdraw such conditions or restrictions,

in the circumstances specified in section 67(3).

- (3) The AFSA may exercise its powers under section 67(1) or 67(2) where:

- (a) the AFSA reasonably considers that:
 - (i) granting the Securities [or Units of a Listed Fund](#) admission to an Official List ~~of Securities~~ would be detrimental to the interests of Persons dealing in the relevant Securities [or Units of a Listed Fund](#) using the facilities of an Authorised Investment Exchange or otherwise; or
 - (ii) any requirements in the Listing Rules as are applicable have not been or will not be complied with; or
 - (iii) any requirement imposed by the AFSA has not been or will not be complied with; or
 - (iv) the Issuer of the Securities [or Units of a Listed Fund](#) has failed or will fail to comply with any obligations applying to it including those relating to having its Securities [or Units of a Listed Fund](#) admitted to an Official List ~~of Securities~~ or listed or traded in another jurisdiction; or
- (b) the AFSA otherwise considers it necessary or desirable to do so.



- (4) Where the AFSA objects to the admission of Securities or Units of a Listed Fund to an Official List ~~of Securities~~ pursuant to section 67(3)(a), such ~~Securities~~ Investments must not be admitted by an Authorised Investment Exchange to its Official List ~~of Securities~~.
- (5) Where the AFSA imposes conditions or restrictions on the admission of Securities or Units of a Listed Fund to an Official List ~~of Securities~~ pursuant to section 67(3)(b), such ~~Securities~~ Investments must not be admitted by an Authorised Investment Exchange to its Official List ~~of Securities~~ unless there is compliance with those conditions and restrictions.

68. Suspending and delisting Securities or Units of a Listed Fund from an Official List ~~of Securities~~

- (1) The AFSA or an Authorised Investment Exchange may, in accordance with its Listing Rules, suspend or delist Securities or Units of a Listed Fund from its Official List ~~of Securities~~ with immediate effect or from such date and time as may be specified where it is satisfied that there are circumstances that warrant such action or it is in the interests of the AIFC.
- (2) The AFSA may direct an Authorised Investment Exchange to suspend or delist Securities or Units of a Listed Fund from an Official List ~~of Securities~~ with immediate effect or from such date and time as may be specified if it is satisfied there are circumstances that warrant such action or it is in the interests of the AIFC.
- (3) The AFSA may withdraw a direction made under section 68(2) at any time.
- (4) Securities or Units of a Listed Fund that are suspended from an Official List ~~of Securities~~ remain admitted to an Official List ~~of Securities~~ for the purposes of this Part.
- (5) The AFSA may, by Rules, prescribe any additional requirements or procedures relating to the delisting or suspension of Securities or Units of a Listed Fund from, or restoration of Securities or Units of a Listed Fund to, an Official List ~~of Securities~~.

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Chapter 7. Obligations of Reporting Entities

81. Definition of Reporting Entity

A Person is a Reporting Entity if the Person:

- (a) has Securities or Units admitted to an Official List ~~of Securities~~;



- (b) [is the Fund Manager of a Listed Fund](#); or
- (c) is declared by the AFSA to be a Reporting Entity.

82. Governance

- (1) A Reporting Entity must have a corporate governance framework which is adequate to promote prudent and sound management of the Reporting Entity in the long-term interest of the Reporting Entity and its shareholders.
- (2) For the purposes of the requirement in section 82(1), the AFSA may, by Rules, prescribe:
 - (a) corporate governance principles and standards that apply to a Reporting Entity, including any requirements applicable to its board of directors and individual members, controllers, employees or any other Person as appropriate;
 - (b) requirements relating to fair treatment of shareholders; and
 - (c) provisions to address conflicts of interests.
- (3) [The requirements in section 82 do not apply to Listed Funds or Fund Managers of Listed Funds](#). The AFSA may, by Rules, prescribe any circumstances in which such requirements do not apply to certain [other](#) Reporting Entities.

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85. Sponsors and compliance advisers

- (1) The AFSA may, where it considers it appropriate to do so, require that a Reporting Entity or a Person that intends to have Securities [or Units of a Listed Fund](#) admitted to an Official List ~~of Securities~~ or admitted to trading on an Authorised Investment Exchange appoints an Authorised Firm or Accredited Firm to act as a sponsor or compliance adviser.

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Chapter 9. Takeovers

88. Takeover Rules

- (1) The AFSA may prescribe by Rules (“the Takeover Rules”):



- (a) the procedures for and obligations of Persons in respect of a Takeover of ~~a Reporting Entity~~ an Issuer whose Securities are admitted to an Official List with a view to ensuring:
 - (i) that where a Takeover takes place, it does so in an efficient, competitive, fair and informed market;
 - (ii) that shareholders are treated fairly and shareholders of the same class are treated the same; and
 - (iii) that a Takeover is conducted in an orderly framework;
 - (b) principles to be observed by a Person involved in a Takeover (“the Takeover Principles”), relating to, but not limited to:
 - (i) treatment of shareholders and of classes of shareholders in a Takeover;
 - (ii) adequacy of time and of information provided to shareholders to enable proper consideration of a Takeover bid;
 - (iii) avoidance of the creation of false markets; and
 - (iv) avoidance of oppression of minorities.
- (2) A Person who is involved in a Takeover of ~~a Reporting Entity~~ an Issuer whose Securities are admitted to an Official List must comply with and observe the spirit and the wording of the Takeover Principles.
- (3) The requirements of section 88 do not apply to Listed Funds.

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Schedule 3: Market Activities

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2. Operating a Clearing House

- (1) Operating a Clearing House means operating a facility where confirmation, clearance and/or settlement of transactions in Investments are carried out in accordance with the non-discretionary rules of the facility, under which the Person operating the facility:



- (a) becomes a Central Counterparty (“CCP”); or
 - (b) provides a book-entry Securities Settlement System (“SSS”),
regardless of whether or not such a Person also operates a Central Securities Depository.
- (2) In (1):
- (a) “confirmation” means verifying the terms of a transaction and checking that Investments, cash or both, including margin, are available to secure the exposure arising from the transaction;
 - (b) “clearance” means transmitting and reconciling orders prior to settlement and establishing settlement positions, including the calculation of net positions arising from a transactions in Investments; and
 - (c) “settlement” means the completion of a transaction with the aim of securing the timely discharge (whether by performance, compromise or otherwise) of the rights and liabilities in relation to the transaction.
- (3) In (1)(a), a Person operates as a CCP where it:
- (a) ensures the performance of open contracts relating to Investments made on a facility for trading Securities [or Units of a Listed Fund](#); and
 - (b) does so by interposing itself between counterparties to such contracts by becoming either the buyer to every seller, or the seller to every buyer.
- (4) In (1)(b), a Person operates an SSS where it operates a system which enables Investments held in accounts to be transferred and settled by book entry according to a set of predetermined multilateral rules.
- (5) Acting as a Central Securities Depository in (1) means holding Investments in uncertificated (dematerialised) form to enable book entry transfer of such Investments for the purposes of clearing or settlement of transactions on its own facility and on any other similar facility.



**AMENDMENTS No. 3.2
FINANCIAL SERVICES FRAMEWORK
REGULATIONS**

Approval date: 24 June 2019

Commencement Date: 24 June 2019

Nur-Sultan, Kazakhstan



PART 1: GENERAL

1. **Name**

These Regulations are the *AIFC Financial Services Framework Amendment Regulations 2019*.

2. **Commencement**

These Regulations commence on June 24, 2019.

3. **Legislative Authority**

These Regulations are adopted by the Governor under paragraph 3 of article 4 of the Constitutional Statute and subparagraph 3) of paragraph 9 of the Management Council Resolution on AIFC Bodies.

4. **Interpretation**

Terms used in these Regulations have the same meanings as they have, from time to time, in the AIFC Financial Services Framework Regulations, or the relevant provisions of those Regulations, unless the contrary intention appears.



PART 2: AMENDMENTS TO AIFC FINANCIAL SERVICES FRAMEWORK REGULATIONS

The AIFC Financial Services Framework Regulations are amended as follows.

5. In section 39 (Exemption for Authorised Market Institutions) –
 - (a) after subsection (3) insert –

"(4) Subject to AMI 7.2, an Authorised Crowdfunding Platform is exempt from the General Prohibition in respect of any Regulated Activity which is carried on as a part of the Authorised Crowdfunding Platform's business as a private crowdfunding platform."
6. In section 58 (AFSA power to give directions to an Authorised Market Institution) –
 - (a) in paragraph (d) after entries "prohibit trading in" insert "loans,"
7. In Schedule 3 (Market Activities) –
 - (a) after section 3 insert –

"4. Operating a Loan Crowdfunding Platform

- (1) Operating a Loan Crowdfunding Platform means:
 - (a) operating an electronic platform that facilitates the bringing together of potential lenders and Borrowers; and
 - (b) administering a loan agreement that results from operating the electronic platform.
- (2) Operating a Loan Crowdfunding Platform also includes making arrangements for a lender to transfer his or her rights and obligations under a loan agreement referred to in (3).
- (3) In (1)(b), "administering a loan agreement" means:
 - (a) providing information or performing other duties under a loan agreement on behalf of the Borrower or the lender;
 - (b) taking steps to obtain the repayment of a loan; or
 - (c) exercising rights or performing obligations under a loan agreement on behalf of the Borrower or the lender.

Administering a loan agreement includes where a Person (A) performs a function described in (3)(a), (3)(b) or (3)(c) itself and where another Person appointed by A performs such functions, pursuant to an arrangement with A or at A's direction.

- (4) In paragraph (1)(a), an "electronic platform" means a website or other form of electronic media.
- (5) Where another Person appointed by A performs functions as described in paragraph (3), A shall:
 - (a) notify AFSA that the other Person is being appointed by A and provide details of the functions for which they are being appointed;
 - (b) provide AFSA with the other Person's details including their name and registered address;



- (c) require the other Person to notify Borrowers or lenders that they are appointed by and acting on behalf of A and provide details of the functions for which they have been appointed in a way that is clear and not misleading; and
- (d) assume responsibility at all times for the actions of the other Person in performing the function for which it has been appointed.

5. Operating an Investment Crowdfunding Platform

- (1) Operating an Investment Crowdfunding Platform means:
 - (a) operating an electronic platform that facilitates the bringing together of potential Investors and Issuers who wish to obtain funding for a business or project, resulting in an Investor obtaining an Investment from the Issuer seeking funding; and
 - (b) administering an Investment that results from operating the electronic platform.
- (2) Operating an Investment Crowdfunding Platform also includes making arrangements for an Investor to sell his or her Investment referred to in (1).
- (3) In (1) and (2), "administering an Investment" means:
 - (a) providing information or performing other duties relating to Investments on behalf of the Issuer or the investor;
 - (b) taking steps to obtain the payment of any amount payable by the Issuer to an investor; and/or
 - (c) exercising rights or performing obligations relating to an Investment on behalf of the Issuer or the Investor.

Administering an Investment includes where a Person (A) performs a function described in (3)(a), (3)(b) or (3)(c) itself and where another Person appointed by A performs such functions, pursuant to an arrangement with A or at A's direction;

- (4) In paragraph (1)(a), an "electronic platform" means a website or other form of electronic media.
- (5) Where another Person appointed by A performs functions as described in paragraph (3), A shall:
 - (a) notify AFSA that the other Person is being appointed by A and provide details of the functions for which they are being appointed;
 - (b) provide AFSA with the other Person's details including their name and registered address;
 - (c) require the other Person to notify Borrowers or lenders that they are appointed by and acting on behalf of A and provide details of the functions for which they have been appointed in a way that is clear and not misleading; and
 - (d) assume responsibility at all times for the actions of the other Person in performing the function for which it has been appointed.

Guidance: Right to operate several types of crowdfunding platforms

- (1) A Person may hold Licences to operate a Loan Crowdfunding Platform and an Investment Crowdfunding Platform simultaneously.



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- (2) An Authorised Crowdfunding Platform must ensure that it does not provide both regulated and unregulated crowdfunding services.
- (3) Unregulated crowdfunding services mean operating a Donation-Based, Pre-Sale-Based (or Reward-Based) Crowdfunding Platform, which do not require the AFSA authorisation and, therefore, can be performed as non-regulated activities.
- (4) A Donation-Based Crowdfunding Platform is a platform whereupon the Person operates an electronic platform that facilitates the bringing together of donors and organisations which are registered or recognised as charities by public authorities, whether in the Republic of Kazakhstan or elsewhere.
- (5) A Pre-Sale (or Reward-Based) Crowdfunding Platforms is a platform whereupon the Person operates an electronic platform that facilitates the bringing together of persons providing funds to entities and/or persons in return for a reward, service or product (such as event tickets). ”