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ANNUAL REPORT
ON THE ACTIVITIES OF
**THE ASTANA
INTERNATIONAL
FINANCIAL CENTRE**

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01.

INTRODUCTION

FOREWORD



Kassym-Jomart Tokayev

President of the Republic of Kazakhstan

“Individual support measures for each investor are to be developed based on priority and potential impact on the economy as a whole.

As part of this important work, the Government should ensure that a stable framework of investment-related legislation is in place for strategic investors in priority sectors.

It is necessary to ramp up the use of the Astana International Financial Centre (AIFC) in order to attract investment and develop the stock market. This is especially important in light of the upcoming privatisation of state assets.

Access should also be granted to Kazakhstani entrepreneurs, so that they can take advantage of the AIFC common law and arbitration procedures when resolving business disputes.

Work should now begin on the phased transfer of selected structures owned by national companies from foreign jurisdictions to the AIFC.”

MAY 11, 2020

“Obviously, one country may be of little interest to large investors, however, the entire region of the Eurasian Union and Central Asia, which are linked by trade and industrial ties, can hardly be ignored. I am convinced that in the current situation any competition between countries in the region should be perceived as constituting efforts to mutually improve economic conditions and the business landscape. Investor interest in one country will certainly affect the success of other countries. Therefore, the AIFC, with its unique capabilities and reach, can serve as a universal platform connecting countries in the region.”

JULY 2, 2020

“The AIFC is expected to earn a reputation for being a reliable financial platform and for increasing confidence and trust in Kazakhstan among foreign investors. In turn, being a key part of the AIFC ecosystem, the independent common law judicial system represented by the AIFC Court plays an important role in the functioning of the AIFC and, accordingly, in the effective functioning of Kazakhstan’s investment programme.

The AIFC Court provides an opportunity for investors working in Kazakhstan or planning to come to the region to deal with reputable judges, procedures, practices, and standards at the AIFC Court, which are similar to those in other major financial centres around the world. Experienced common law judges, renowned for their vigorous impartiality, integrity, and virtue are also a strong safeguard within a stable judicial system.”

JULY 8, 2020



**Dr. Kairat
Kelimbetov**

Governor of the Astana
International Financial Centre

Looking back to this time last year, none of us could have imagined the challenges the world would face in 2020. The COVID-19 pandemic has seriously impacted the entire global economy and brought unprecedented disruption to business activity around the globe.

Despite the unpredictable nature of the pandemic, the AIFC managed to deliver solid results in the past year. Due to the limitations imposed by the pandemic, the AIFC prioritised supporting financial markets in the AIFC through providing relief measures for AIFC participants, and successfully bringing about a digital transformation and introducing a remote working format for AIFC Bodies and their organisations, which helped create the sense that it was business as usual.

As highlighted by the President of the Republic of Kazakhstan in his annual address to the nation, and subsequently reflected in the newly adopted National Development Plan of Kazakhstan until 2025, the AIFC will become a key platform for attracting direct and portfolio investments into the country. In accordance with the new AIFC Development Strategy until 2025, we have set an ambitious goal: acquiring

international recognition as a financial centre and investment hub. We are making great efforts to consolidate the centre's regional status in these volatile times.

In the past year specifically developed projects have come to the fore and contributed significantly to key areas within the new strategy. As part of this initiative, the AIFC joined a special Task Force at a governmental level to attract potential investors to Kazakhstan: this is a new state-wide mechanism that offers end-to-end support to investors.

The AIFC is continuing to gain the trust of the world's financial community: over 800 AIFC participants from 53 world countries have already joined the AIFC, including international investment companies and major global banks. Participants value the successful solutions and technologies with exclusive benefits provided by the AIFC. The common law framework and beneficial tax regime are factors in attracting investors interested in prospects of Eurasia's economic development and long-term prosperity.

The AIFC achievements in 2020, outlined in the report, were due to the commitment and support of our main stakeholders. Further efforts will focus on expanding the AIFC's role as a regional financial centre and investment hub. Attaining these strategic goals, in close cooperation with the Government, shareholders, partners, participants, and employees, as well as wider society, will remain our chief priority in the period ahead.



DEFINING SUCCESS: AIFC MILESTONES

MAIN HIGHLIGHTS OF 2015-2020





March

- First Islamic securities (Sukuk) of Qatar International Islamic Bank are listed on AIX.
- First RMB-denominated bond in Kazakhstan is listed on the AIX Belt and Road Market.

April

- Astana Financial Services Authority (AFSA) introduces financial market support measures in response to the global COVID-19 pandemic.

July

- The third Astana Finance Days conference is held.
- The AIFC Management Council determines new AIFC Development Strategy until 2025.
- The Affirmation Ceremony for Chief Justice of AIFC Court Lord Mance is conducted with participation of the President of the Republic of Kazakhstan.
- The AIFC registers its 500th participant.
- Raiffeisenbank becomes the first international participant of AIX CSD for the provision of custody services.
- AIX launches the Regional Equity Market Segment (REMS).
- The Eurasian Development Bank becomes a shareholder of the AIFC Green Finance Centre.

August

- Damu Entrepreneurship Development Fund lists the first green bonds on AIX.
- AIX becomes an eligible trading venue for FTSE Frontier Index Series.

May

- The AIFC Advisory Council on the Development of LegalTech is established.

September

- AFSA company registration services become fully digitalised.
- AFSA becomes the 75th member to global agreement on cross-border cooperation in insurance markets (IAIS MMoU).
- IAC Arbitration and Alternative Dispute Resolution Summit 2020 is held.
- AIX becomes the first exchange in the world to migrate its core trading infrastructure (the Nasdaq matching engine) into the cloud Amazon Web Services.

October

- The AIFC organizes a virtual World Investor Week under the auspices of IOSCO.
- Kaspi.kz is added to the official list of AIX.
- 3rd AIFC Court and IAC Moot Final 2020 is held.

November

- AFSA becomes a signatory to multilateral agreement concerning cross-border enforcement cooperation (IOSCO EMMoU).

December

- The AIFC Investment tax residency programme is adopted at the legislative level.
- The AIFC Expat Centre reaches the first 10,000 services.
- Tabys, trading application for retail investors, is launched.
- The Eurasian Development Bank lists debut USD bond on AIX.
- Sukuk of the Islamic Development Bank (Green Sukuk, Sustainable Sukuk, and Traditional Sukuk) are cross-listed on AIX.
- The Master Plan (Roadmap) for the development of Islamic finance in Kazakhstan until 2025 is prepared under the technical assistance (grant) of the Islamic Development Bank.

2020





AIFC PARTNERSHIP





ASTANA INTERNATIONAL FINANCIAL CENTRE

Key Figures
(as of the end of 2020)

\$35.8 BILLION

market capitalisation of the Astana International Exchange

\$425 MILLION

volume of assets of AIFC financial services sector

80

AIFC General Legal Framework and AIFC Financial Services Framework Acts adopted

658

companies from 49 countries are based at the AIFC

130+

number of startups incubated through the AIFC

34

firms accepted to the AFSA FinTech Lab (AIFC's regulatory sandbox)

\$4.4 BILLION

total investments via AIFC
(as of May 2021)

330

court, arbitration, and mediation cases resolved across the AIFC Court and the International Arbitration Centre

12,000+

professionals in the AIFC Reserve Pool

17,000 M²

"A" class offices at the EXPO site allocated to AIFC participants

10,000+

number of services rendered at the AIFC Expat Centre

\$1.1 BILLION

total investments via AIFC
(in 2020)

222

lawyers registered at the AIFC Court for rights of audience around the world



02.

ECONOMIC OVERVIEW, INVESTMENT CLIMATE IN KAZAKHSTAN AND THE REGION, AND AIFC'S ROLE IN IT



MACROECONOMIC CLIMATE OF KAZAKHSTAN AND THE REGION

A favourable geographic location, the existence of alliances — such as the Eurasian Economic Union (EAEU) and Shanghai Cooperation Organisation (SCO) — and cooperation within China's Belt and Road Initiative (BRI) have had a significant impact on the global role of Central Asia, which comprises the countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

For 2021 forecasts predict GDP growth of Kazakhstan **up to**

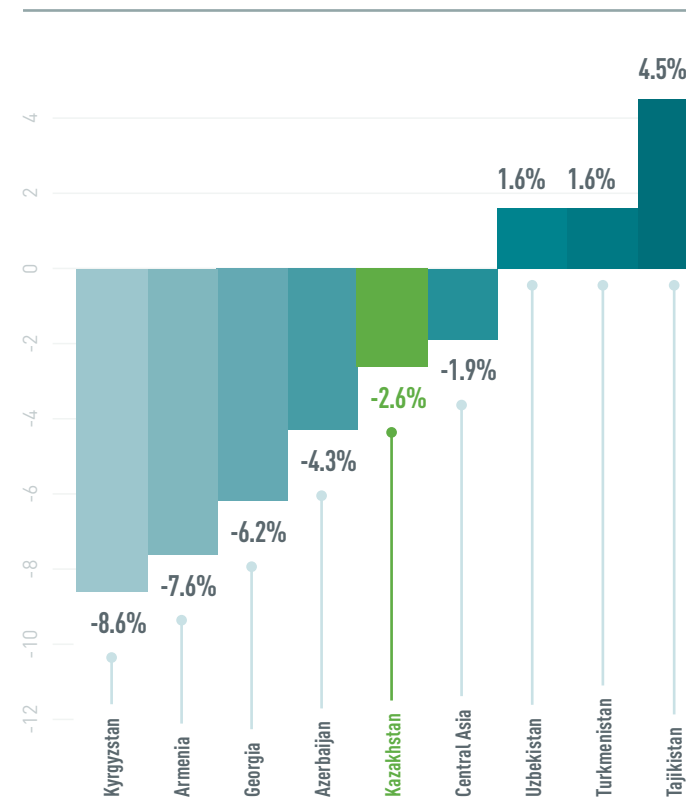
3%

As a key economic partner, Kazakhstan is strengthening its role as a hub — the business and financial centre for Central Asia, the Caucasus, the EAEU, Western China, Mongolia, and Eastern Europe (hereinafter — the Region). Investments in new airports, roads, and dry ports allow the country to significantly improve its connectivity with countries of the region, China, and Russia.

Against the backdrop of the global COVID-19 pandemic there has been a rapid drop-off in exports, which have affected the entirety of Central Asia, Russia, and China. The decline in industrial production has resulted in OPEC+ production cuts, which have significantly impacted countries that are heavily dependent on oil exports. According to the Asian Development Outlook (ADO) 2021 by the Asian Development Bank, in 2020 the subregional economy of Central Asia contracted by 1.9% on average, as it grappled with negative spill-overs from the Eurozone, Russia, and China through trade, commodity, and remittance channels.

Still, despite the challenging times, in 2020 Kazakhstan's GDP fell to minus 2.6%, less than half that of other countries in the region.

FIGURE 1. GDP GROWTH RATE, 2020, % PER YEAR¹



Source: Asian Development Bank. Asian Development Outlook (ADO) 2021 (April 2021)

For 2021 forecasts predict growth and recovery up to 3%², which may also be accompanied by a modest rise in commodity prices and foreign direct investment (FDI), as the subregion extends its integration with the BRI. According to the socio-economic development forecast of Kazakhstan for 2021-2025, nominal GDP is expected to go up from USD 183.2 bn in 2021 to USD 249.6 bn in 2025³.

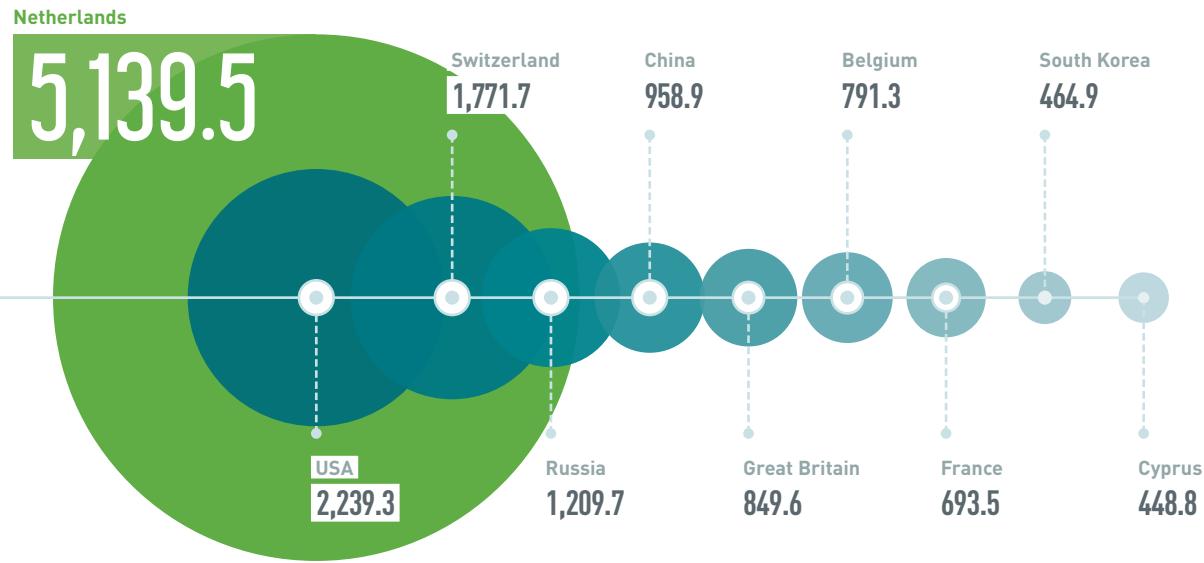
In addition, Kazakhstan is working on broadening its economic ties and establishing itself as the connecting link between the West and the East. And as these ties grow, the region will also see growth in the volume and assortment of cargo, thereby bringing versatility to FDI inflows⁴.

INVESTMENT CLIMATE OF KAZAKHSTAN AND CENTRAL ASIA

Over the years the country has gained a reputation for being a highly attractive investment destination. Kazakhstan's unique central location provides numerous benefits by interconnecting businesses across continents via land and air. Furthermore, Kazakhstan's rich reserves of natural resources, such as oil and gas, accelerate the country's economic growth. A combination of political stability and an effective strategic direction taken by the country creates a range of opportunities and space for the further development of the state. Kazakhstan, in contrast to neighbouring countries, is demonstrating positive results vis-à-vis an improving investment climate within the country, and ranks highly in the World Bank's annual Doing Business Report⁵.

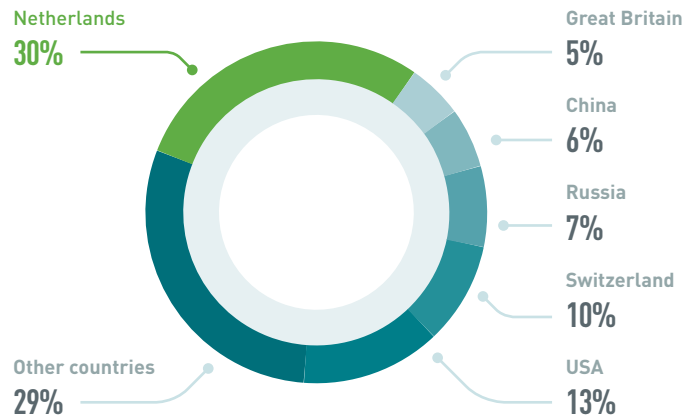
Since achieving independence, Kazakhstan has continued to forge strong ties with developed economies around the globe. For example, the country's biggest investors range from the Netherlands to Cyprus⁶.

FIGURE 2. TOP-10 INVESTORS IN KAZAKHSTAN IN 2020, USD MLN



Kazakhstan's top FDI contributors in 2020 included the Netherlands (30% contribution), China (6%), the US (to 13%), Switzerland (up to 10%), and lastly Russia and the UK (7% and 5%, respectively). Stronger FDI inflows from countries with a wide range of investment priorities will help Kazakhstan as it diversifies its economy⁷.

FIGURE 3. GROSS FDI INFLOWS IN 2020, BY COUNTRIES, %

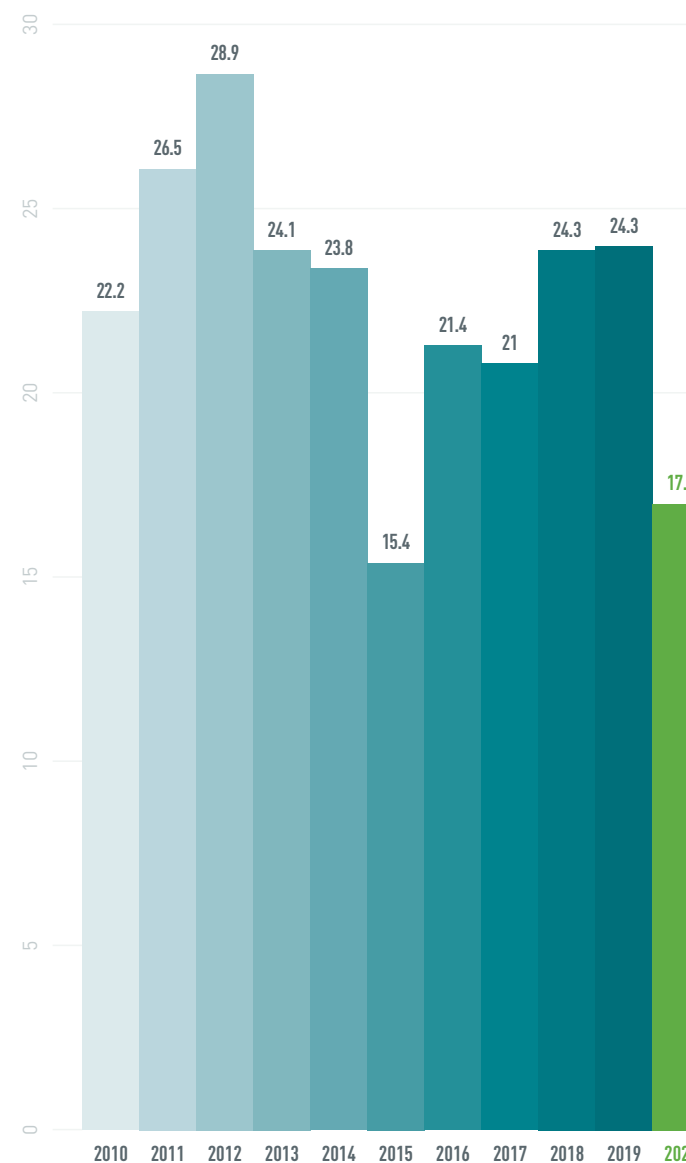


Kazakhstan's investment climate

Kazakhstan is actively working to improve the investment environment in the region, with a variety of comprehensive initiatives being implemented. In order to incorporate various investment activities, the country has established an innovative legal framework. The investor registration process has been improved, with changes in tax regime, as well as a multi-layered infrastructure for investor support.

During almost 30 years of independence Kazakhstan has continually made significant progress in its market economy, and seen considerable improvements in attracting foreign investment. The country remains the second-largest recipient of FDI in the region and the largest in Central Asia.

FIGURE 4. FDI INFLOWS TO KAZAKHSTAN, USD BN



Since 1993 Kazakhstan's total FDI inflows have reached

\$365 bn

and this figure increased steadily in recent years: from USD 15.4 bn in 2015 to USD 24.3 bn in 2019. In the past five years Kazakhstan has attracted 1/3 of its total FDI. COVID-19 has put the brakes on the global economy, slowing capital flows between countries and reducing total FDI in Kazakhstan by almost 30% in 2020, to USD 17.1 bn⁸.

Kazakhstan's annual FDI remains the highest in the Central Asia as opposed to neighboring countries (Figure 5).

FIGURE 5. CENTRAL ASIA'S FDI DISTRIBUTION AMONG COUNTRIES IN 2020, USD BN

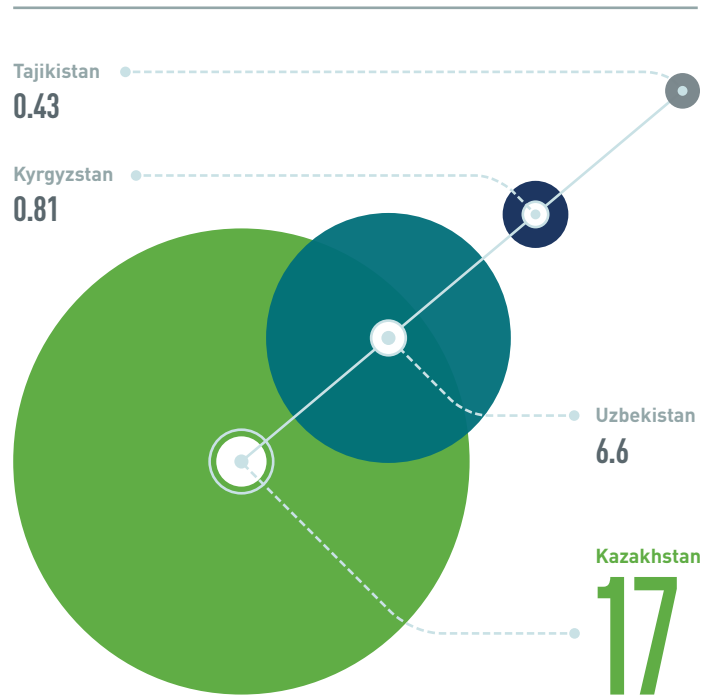
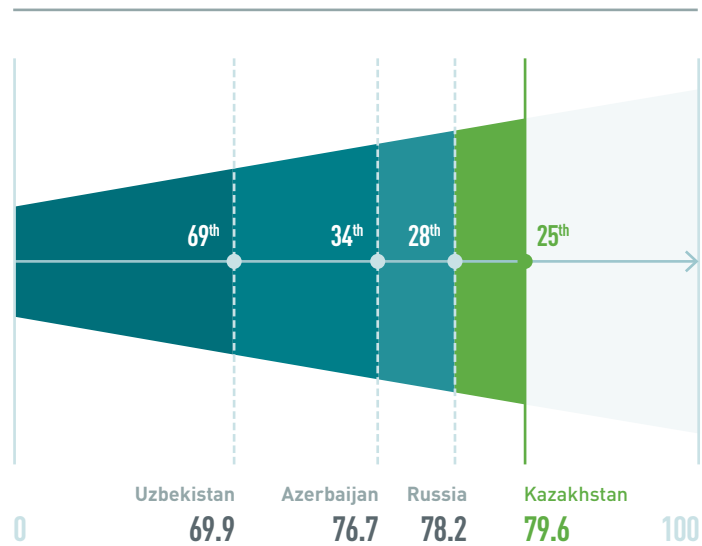


FIGURE 6. THE INVESTMENT ATTRACTIVENESS OF KAZAKHSTAN



Ease of Doing Business Index

In 2020, Kazakhstan ranked

25TH

in the World Bank's Ease of Doing Business Index⁹ — the highest ranking among Central Asian countries

Kazakhstan is recognised as being an attractive destination for the operations of various international financial institutions and companies. For a number of consecutive years now, Kazakhstan has been seen as being one of the top-ranked countries for protecting minority investors and enforcing contracts.

EASE OF DOING BUSINESS IN KAZAKHSTAN IN 2020

Region
EUROPE & CENTRAL ASIA

Income category
UPPER MIDDLE INCOME

Population
18,276,499 | City Covered
ALMATY

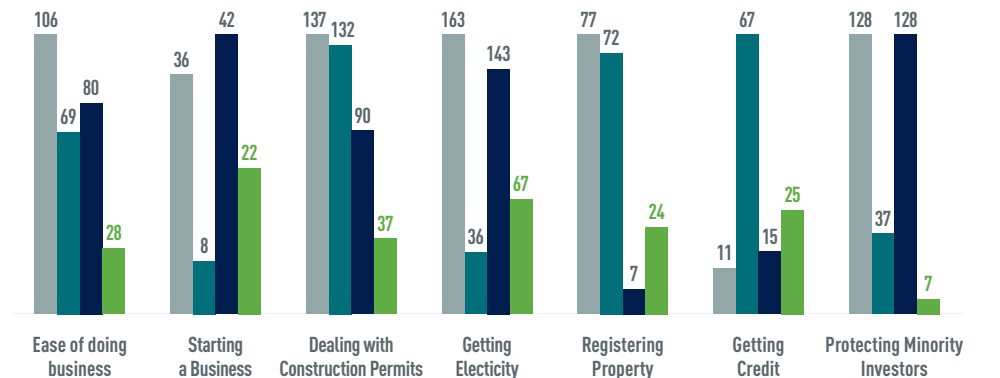
DB Score
79.6 | DB Rank
25

FIGURE 7. RANKINGS ON DOING BUSINESS TOPICS



Kazakhstan remains the most prominent country of the Central Asia from the business prospective.

Legend:
■ Kazakhstan
■ Kyrgyzstan
■ Uzbekistan
■ Tajikistan



NATIONAL DEVELOPMENT PLAN 2025: KEY INITIATIVES AND REFORMS TO COMBAT COVID-19

To facilitate further economic growth and to establish a basis for high-quality and sustainable development in the new post-pandemic reality, the National Development Plan of Kazakhstan until 2025 (the Plan) has been adopted. As a part of the strategy “Kazakhstan — 2050”, the Plan navigates the country through various issues facing the global economy by specifically addressing the impact of the COVID-19 emergency. The new economic course ensures the implementation of national priorities and that necessary steps to combat the effects of the pandemic are taken.

The Government has also set goals related to the resumption of economic activity in the country, higher disposable income, and the country's ability to increase demand for exports. The implementation of these tasks will enable a slow but reliable way back from the pandemic.

The Kazakh authorities have taken measures to implement strong policies to minimise the impacts on the country's people and the economy brought about by the pandemic. New initiatives introduced by the authorities improved access to medical emergency services, including for uninsured individuals, and direct support in the form of

AMONG THE NEW INITIATIVES THERE ARE A NUMBER OF OBJECTIVES AIMED AT FACILITATING A RAPID RECOVERY IN THE VOLUME OF FOREIGN INVESTMENT INTO THE COUNTRY. THE PLAN AIMS TO INCREASE THE FDI VOLUME TO USD 30 BN AND INVESTMENTS IN FIXED CAPITAL TO 30% OF GDP BY 2025.

tax deferrals, subsidised loans, and allowing reasonable delays in the payments of taxes.

To attain these goals, a new streamlined approach will be applied to stimulate the inflow of investment. The AIFC will further improve conditions for attracting and retaining investments by raising the level of protection for investors, improving infrastructure, increasing the transparency of regulations, and simplifying the visa regime.

For strategic investors whose investment projects are deemed to be important for the economy, there will be an opportunity to conclude a strategic investment agreement that provides special conditions and procedures related to the provision of benefits and preferences, which will be regulated, including the law of the AIFC (including the AIFC Court and IAC for dispute resolution in the AIFC Court and IAC).

Within the framework of the Plan, the AIFC platform will be actively involved in provision of new financial instruments, such as the financing of green projects (in particular, green bonds), developing venture capital, junior mining segment on AIX, as well as including the AIFC Court and IAC model clauses to the contracts.

Various leading international financial institutions, including the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), the International Monetary Fund (IMF), as well as the rating agencies Moody's, Fitch, and Standard & Poor's, have confirmed positive forecasts for the economy of Kazakhstan¹⁰. Kazakhstan looks forward to a continued successful roll-out of all the above reforms and measures, which will accelerate the country's economic growth¹¹.



AIFC DEVELOPMENT STRATEGY UNTIL 2025

VISION AND MISSION

The AIFC vision is to become the leading international financial centre in the region.

The AIFC mission is to contribute to the sustainable development of Kazakhstan and the region by offering corporations and the business community new opportunities for attracting investment, creating meaningful and effective projects in the industrial and services sector, and creating new markets for goods and services.

STRATEGIC DIRECTIONS AND OBJECTIVES

The AIFC Development Strategy is geared towards identifying the centre's role as a truly regional financial centre and, most importantly, ensuring that it is a platform for implementing and advancing necessary reforms to the financial and economic policies

The AIFC supports the development of the broader economy of Kazakhstan by implementing best practice policies, launching modern institutions, providing world-class knowledge and capabilities, better financial intermediation, and a more friendly business environment, as well as attracting capital to accelerate the development process and to provide companies with the most advanced, secure, and effective financial instruments. Now and in the future, the AIFC will continue to offer its participants convenient environment for setting up a business and comfortable working conditions.

of the Republic of Kazakhstan. The AIFC Development Strategy clearly leverages the strengths of the established AIFC infrastructure and



builds on the successes of the initial years, such as the issuance of financial instruments by local and regional firms, the credibility of legal and regulatory systems, established partnerships with international financial institutions, and the technological capabilities of the AIFC.

The AIFC strategic directions vis-à-vis sustainable development will include promoting a circular economy, financial technologies, and a digital financial centre. In this context, a circular economy is relevant since it is based on the constant renewal of resources. This type of economy contrasts with the traditional linear economy, which consists of the creation, use, and disposal of waste.

THE FOLLOWING AIFC OBJECTIVES WERE IDENTIFIED IN THE AIFC DEVELOPMENT STRATEGY IN ACCORDANCE WITH THE CONSTITUTIONAL STATUTE OF THE REPUBLIC OF KAZAKHSTAN "ON THE ASTANA INTERNATIONAL FINANCIAL CENTRE"

01.

ASSISTING IN ATTRACTING INVESTMENT INTO THE ECONOMY OF THE REPUBLIC OF KAZAKHSTAN BY CREATING AN ATTRACTIVE ENVIRONMENT FOR INVESTMENT IN THE FINANCIAL SERVICES SPHERE

- Developing an attractive and business-friendly environment, where the legal and regulatory framework ensures a best-in-the region ecosystem for financial intermediation.
- Further developing the legal framework of the Investment Tax Residency Programme, in accordance with the best world practices, as well as its promotion.
- Further developing the AIFC jurisdiction, legal framework, and regulatory framework, as well as a further expansion of judicial services, and enhancing human capital.
- Further improving government relations as part of developing a regulatory legal framework, enhancing the business climate, and introducing modern financial instruments for investing in public and private projects.



02.

DEVELOPING A SECURITIES MARKET AND INTEGRATING IT WITH GLOBAL CAPITAL MARKETS

- The further development of the AIX in order to attract portfolio investments; conducting the IPO/SPO of large national and private companies; and facilitating the issuance and placement of corporate and public financial instruments.
- Growing the investor base by raising awareness and investments in exchange-traded products (ETNs, ETFs) and boosting liquidity of the market.
- Capital raising measures for the private sector to support growth and add value to the economy.
- Integration into international capital markets by broadening partnerships with international market players and service providers, attracting international custodian banks as depositary members, ensuring the participation of foreign investors in equity offerings, and attracting and maintaining market liquidity.
- Enhancing regulatory and tax regimes in order to develop and provide modern financial instruments for the asset management market.
- Localisation in the AIFC of the management companies of the National Fund and the Unified Accumulative Pension Fund to develop local knowledge and capabilities in asset and wealth management and the asset servicing industry.

03.

DEVELOPING INSURANCE MARKETS, BANKING SERVICES, ISLAMIC FINANCE, FINANCIAL TECHNOLOGIES, ELECTRONIC COMMERCE, AND INNOVATIVE PROJECTS

- Further developing wholesale and private banking services by providing access and a favourable framework for international financial institutions.
- Facilitating growth in the reinsurance and captive insurance markets to increase the effectiveness of the transfer of risk.
- Further developing the Islamic finance industry in Kazakhstan by localising international Islamic banks, insurance, and asset management companies.
- Further developing the regulatory framework for financial innovations, financial technology, and e-commerce.
- Enhancing the regulatory framework for green finance, to mainstream environmental factors and improve access to investment for green projects, as well as promote issuances of green bonds and the attraction of capital for green projects.

04.

DEVELOPING FINANCIAL AND PROFESSIONAL SERVICES BASED ON INTERNATIONAL BEST PRACTICE

- Further enhancements to the regulatory framework for financial and professional service providers in accordance with global standards and best practices.
- Ensuring active cooperation with local authorities and extensive work with international financial supervisory bodies, including in areas related to the implementation of modern supervisory tools.

05.

ACHIEVING INTERNATIONAL RECOGNITION AS A FINANCIAL CENTRE

- Further developing the AIFC brand and awareness of it, with a focus on promoting the competitive advantages of the AIFC, as well as the products and services available to potential partners and participants.
- Further AIFC regional and international expansion and increasing the AIFC presence.
- Establishing a Belt and Road Initiative market by further enhancing the legal framework and creating the infrastructure for Asian currency market instruments.
- Establishing a World Economic Forum Fourth Industrial Revolution Affiliate Centre in the AIFC.
- Supporting the Government of Kazakhstan in international initiatives.

To successfully achieve the objectives of the AIFC Development Strategy, the AIFC has elaborated a Delivery model (for details see Chapter 4 of the report).

FIGURE 8

AIFC IN A GLOBAL CONTEXT

2005

Qatar Financial Centre

900+

companies overall*

+334

companies in 2020

\$5,000

application fee

\$2,750**

annual fee

Business areas:

- | | |
|---------------------------------|---|
| 01. Banking | 09. Insurance/ Reinsurance |
| 02. Corporate/Wholesale Banking | 10. Captive Insurance |
| 03. Investment Banking | 11. Islamic Finance |
| 04. Private Banking | 12. Investment Advice & Investment Services |
| 05. Asset Management | 13. Fiduciary Businesses |
| 06. Retail Schemes (UCITS) | 14. Captive Structures |
| 07. Qualified Investor Schemes | 15. Capital Markets Vehicles |
| 08. Private Placement Schemes | 16. Fintech |

QATAR STOCK EXCHANGE 2019

48

listed securities*

\$167.09 bn

market capitalization*

\$9.67 bn

value traded in 2020

- AIFC — Astana International Financial Centre
- DIFC — Dubai International Financial Centre
- QFC — Qatar Financial Centre
- SFC — Singapore Financial Centre
- AIX — Astana International Exchange
- QSE — Qatar Stock Exchange
- SGX — Singapore Exchange

1971

Singapore Financial Centre

3,261

companies overall*

\$4,000

annual fee

(registration fee depends on the annual fee of the previous year)

Business areas:

- | | |
|---|--------------------------------|
| 01. Asset Management | 05. Fixed Income |
| 02. Enterprise Financing | 06. Infrastructure Finance |
| 03. Wealth Management | 07. Sustainable Finance |
| 04. Foreign Exchange & Derivatives Market | 08. Insurance & Risk Financing |

SINGAPORE EXCHANGE 2019

755

listed securities*

\$8,11 bn

market capitalization*

\$25.1 bn

value traded in 2020

2018

Astana International Financial Centre

800+

companies overall*

+294

companies in 2020

UP TO \$400

registration fee

\$0

annual fee

ASTANA INTERNATIONAL EXCHANGE 2018

56

listed companies*

\$35.8 bn

market capitalization*

\$58.7 mln

value traded in 2020

Business areas:

01. Capital Markets
02. Brokerage
03. Asset Management
04. Fund Management
05. Private Banking
06. Banking
07. Islamic Finance
08. Insurance, Reinsurance
09. Financial Technology
10. Green Finance
11. Ancillary Service Providers
12. Holding Companies, Corporate Offices and other commercial non-regulated activities

2002

Dubai International Financial Centre

2,584

companies overall *

+915

companies in 2020

\$3,200**

registration fee

\$4,000*

annual fee

Business areas:

- | | | |
|---------------------------------------|-------------------------------------|-------------------|
| 01. Banking | 10. Wealth Management | 19. Art Galleries |
| 02. Private Banking | 11. Private Equity | |
| 03. Investment Banking | 12. Corporate Offices | |
| 04. Brokerage | 13. Professional Services Providers | |
| 05. Capital Markets | 14. Islamic Finance | |
| 06. Innovation License | 15. Fintech | |
| 07. Insurance, Reinsurance & Captives | 16. Prescribed Companies | |
| 08. Fund Management | 17. Retail & Convenience | |
| 09. Asset Management | 18. Cafes & Restaurants | |

NASDAQ DUBAI 2005

144

listed securities*

\$15 T

market capitalization*

\$1,56 bn

value traded in 2020

* as of May 2021

** mean calculation of the number, for more info please refer to the Centre's website



03.

AIFC AND ITS BUSINESS-FRIENDLY ENVIRONMENT



BENEFITS OF AIFC ECOSYSTEM

OVERVIEW OF THE AIFC

Positioning of the AIFC

The AIFC is a unique hub on the global financial landscape that brings together the best practices and opportunities offered by similar institutions around the globe – from New York City and London to Dubai, Hong Kong, and Singapore.

The AIFC strives to maximise the opportunities offered by our times. Today, the global economy has abundant financial resources. However, a relative shortage of attractive investment projects globally is fostering increased attention and interest towards emerging markets. Central Asia is entering a period of long-term economic growth, thereby opening new horizons for companies, countries, and their citizens towards a prosperous future.

Following its strategic objective to assist Kazakhstan in attracting investment and in creating a welcoming and friendly investment environment, the AIFC welcomes

companies and individuals and is prepared to offer additional development and growth opportunities to both large financial, industrial, and trade corporations and to newcomers to the market. It also offers attractive terms to midcap companies from countries in the region.

A common law jurisdiction, a predictable and non-discriminatory regulatory environment, a friendly tax regime, relatively small service fees, and operational incentives help reduce expenses and make the cost of doing business in the AIFC attractive to clients and increase the financial centre's competitiveness.

The AIFC creates new opportunities for:

INVESTORS

- By offering securities of state-owned and private sector issuers from Kazakhstan and other countries in the region, as well as business projects, from large-scale initiatives, such as the Belt and Road Initiative, to small IT start-ups.

- By offering a wide range of modern financial services, including in banking, insurance, capital markets, Islamic finance, and fintech.

BUSINESSES

- By providing access to investors, including major international and regional financial institutions, as well as asset managers and Islamic finance institutions.

BUSINESS OPPORTUNITIES PROVIDED BY THE AIFC

The AIFC strives to become a dynamic and multifaceted platform with a diverse client portfolio. The key areas of business below provide great opportunities for firms and financial institutions to take advantage of the growing regional market.

ASSET MANAGEMENT

The AIFC asset management framework is ideally suited for investors seeking for professional investment and portfolio management services, as well as industry players gaining access to advanced asset management ecosystem.

CAPITAL MARKETS

AIX, operating within the AIFC, offers investors and issuers to raise the capital in different forms: shares, GDRs, debt securities (including corporate bonds, green bonds, Sukuk), sovereign bonds and Eurobonds, exchange-traded funds (ETFs) and exchange-traded notes (ETNs).

BROKERAGE

A favourable ecosystem with no tax on capital gains/dividend payments and multi-currency trading operations allow regional and international brokerage firms to gain a competitive cost advantage and gives access to the Central Asia market.

FUND MANAGEMENT

The AIFC offers a world-class legislative and regulatory environment for fund managers to structure, manage, and domicile funds designed for various investment strategies. The AIFC provides a great opportunity for global as well as local fund managers to expand its reach to the emerging pool of wealth in Central Asia. Favorable tax regime covers all stakeholders of the arrangement (fund, fund manager and investor) allowing to exempt income from corporate and personal income taxation.

FINANCIAL TECHNOLOGY

The AIFC was the first jurisdiction in the region to support regulatory frameworks for new forms of investments, including crowdfunding, Initial Coin Offerings, trading with digital assets, testing and developing fintech services under the regulatory sandbox regime called FinTech Lab, and the cross-border testing of fintech activities in several jurisdictions under the Global Financial Innovation Network (a network of financial regulators).

INSURANCE, REINSURANCE

The AIFC plans to ensure the possibility of providing direct insurance services for voluntary property types, Islamic insurance, as well as reinsurance for all types of insurance, including intermediary services for transferring risks to reinsurance.

PRIVATE BANKING

The development of the private banking sector and an extensive range of products and services (investment & portfolio advisory, tax & wealth planning, asset allocation) are offered via models and structures such as representatives, advisory, branches for local players, in line with the global best practices pertaining to contemporary wealth management.

ANCILLARY SERVICE PROVIDERS

The AIFC welcomes participants who provide ancillary services such as legal, audit, accountancy, consulting, and credit rating services.

HOLDING COMPANIES, CORPORATE OFFICES, AND OTHER COMMERCIAL NON-REGULATED ACTIVITIES

The AIFC offers considerable space for entities to situate their corporate offices and regional headquarters. The heart of Central Asia provides an ideal location to generate successful business ventures, realise investment opportunities, and also provide the most secure licensing and regulatory environment. The AIFC provides a full range of services for its partners in order for them to enjoy the facilities necessary to be able to efficiently conduct their businesses.

BANKING

New entities as well as existing bank representatives from around the globe are taking advantage of the positive economic changes in Central Asia and are meeting increasing demand for a range of commercial and wholesale banking services.

GREEN FINANCE

In light of the Central Asia's transition towards a green economy and an increasing need to finance green projects, the AIFC Green Finance Centre provides initial assistance to potential issuers, investors, and market players on preparing for the issuance of green bonds on the AIX. The centre also covers expenses incurred by issuers when providing mandatory external reviews of green bonds.

ISLAMIC FINANCE

With the growth of Islamic finance industry in the region, the AIFC has developed connections with the industry's prominent international participants and organisations in the field of Islamic finance. The AIFC has developed an enabling regulatory environment for Islamic finance. The AIFC Islamic Finance and Business Hub further offers consultation and support to current and new market participants for licensing Islamic finance activities, and in structuring and issuing Islamic finance instruments and securities. Alongside international and local market leaders and experts in Islamic finance, the Hub holds educational and awareness-raising seminars, workshops, and certification programmes on Islamic finance.

AIFC organisational structure

01 AIFC MANAGEMENT COUNCIL

The AIFC Management Council is a permanent collegial body chaired by the President of the Republic of Kazakhstan, the supreme governing body of the AIFC. The Council determines strategic directions for the development of the AIFC and fosters the development of favourable conditions for establishing the AIFC as a leading international centre of financial services.

02 AIFC GOVERNOR

The Governor is an official person of the AIFC with special administrative and managerial functions and regulatory powers for the purposes of coordinating the functioning of AIFC Bodies, including their interaction with the state bodies of the Republic of Kazakhstan, international organisations, institutions, legal entities and individuals, and other entities.

03 AIFC BODIES

Authority

The AIFC Authority is responsible for formulating the centre's development strategy and drafting acts on matters unrelated to the regulation of financial services. To spur AIFC's integration into the global financial architecture, the AIFC Authority also establishes links with international financial centres, institutions, and investment companies.

Court

The AIFC Court is the court for commercial dispute resolution within the AIFC. With 10 highly experienced judges from the common law world, the court has exclusive jurisdiction for commercial disputes (it does not have jurisdiction for criminal or administrative disputes).

AFSA

The Astana Financial Services Authority is an integrated regulator of all financial and market activities, ancillary services, as well as a registration authority for all AIFC participants. The AFSA's mission is to ensure the fair and transparent operation of financial and capital-market systems within the AIFC.

IAC

The International Arbitration Centre (IAC) provides an independent alternative to court litigation, operating at the highest international standard to resolve commercial disputes. The IAC has its own panel of 38 highly regarded international arbitrators and mediators.

AIFC ORGANISATIONS FACILITATING BUSINESS DEVELOPMENT



The Astana International Exchange was established to develop an extensive and liquid capital market in Kazakhstan and Central Asia by providing clear and favourable conditions for attracting local and foreign investors, as well as creating a platform to finance the growth of private businesses and the economy as a whole.

Business Connect

AIFC Business Connect provides investors and the international business community with fully structured information and the close support they need to access and invest in opportunities available in Kazakhstan. It provides a specialist service that leads on sourcing bankable projects, structuring them in a way that can be presented to the international marketplace in a ready-for-business manner.

BCPD

The AIFC Bureau for Continuing Professional Development (BCPD) specialises in preparing for international professional certifications using the best global practices in the field of continuous professional development, to expand human resources and create a pool of international-level professionals from local specialists to work in the AIFC eco-system and the open market.

Fintech

The AIFC FinTech Hub seeks to utilise the latest financial technologies to future-proof the AIFC's key business pillars and to develop a vibrant multi-stakeholder fintech ecosystem, bringing together financial institutions, technology partners, fintech companies, and investors to help Kazakhstan emerge as a global FinTech Hub and a leader in fintech innovation in the region.

Expat Centre

The AIFC Expat Centre (AEC) acts as a "one-stop shop" for foreign investors and expats, assisting them in obtaining government and non-government services. The AEC provides expats and their families with assistance via over 500 government services, including visa and migration-related services, taxpayer registration, digital signature, driver's licence, vehicles plates, as well as social-oriented non-government services, such as consultations on healthcare, children's education, transport, and accommodation.

GFC

The Green Finance Centre promotes the AIFC as a hub for green financing in the region, offering strategic solutions to governments, financial institutions, and enterprises, and facilitating the use of green and sustainable finance instruments, including the issuance of green and social bonds.

JURISDICTIONAL AND REGULATORY STANDARDS

The AIFC covers the territory within the City of Nur-Sultan, with precise borders determined by the President of the Republic of Kazakhstan, where a special legal regime in the financial sphere established by the Constitutional Statute of the Republic of Kazakhstan “On the Astana International Financial Centre” applies.

At the same time, the AIFC needs to be considered as a legal and regulatory construct, not solely as a geographic one. That is, it can properly be read as meaning ‘conducted under and in accordance with (valid) AIFC Law’, and not as having the literal, stricter meaning limiting the activities to those having effects only within the geographical boundary of the AIFC.

The AIFC is the first institution in the region to offer businesses a complete and comprehensive legal platform for attracting, implementing, and protecting investments. The AIFC jurisdiction is based on the principles, norms, and precedents of the law of England and Wales and/or standards applied by the world’s leading financial centres.

The AFSA is an independent regulator for all financial services and related activities in the AIFC.

The AFSA seeks to facilitate business processes by maintaining the safety and soundness of the AIFC financial system and ensuring that financial markets in the AIFC are fair, efficient, and transparent.

When regulating financial services in the AIFC the AFSA applies the best international standards pertaining to the regulation and supervision of financial services, espoused by International Organisation of Securities Commissions, the International Association of Insurance Supervisors, the Basel Committee on Banking Supervision, and Islamic Financial Services Board. The standards of the Financial Action Task Force are integrated into the regulatory framework of the AIFC in order to prevent money laundering and terrorist financing.

The AIFC Court, which is separate and independent from Kazakhstan’s judiciary system, comprises the

Court of First Instance, within which there is a special fast-track procedure for small claims up to the value of USD 150,000, and it has a final Court of Appeal.

The AIFC Court and the IAC are critical to building investor trust and confidence, which help attract foreign investment to the region. Investors expect their interests to be protected equally and fairly, and for the highest international standards of the rule of law to be applied.

The AIFC Court operates to the highest international standards to resolve commercial disputes. It has exclusive jurisdiction over disputes arising out of the activities and operations of the AIFC and has jurisdiction over other disputes in which all parties agree to give it jurisdiction. It ensures investors of the AIFC and Kazakhstan that they will receive an independent and world-class dispute resolution service.

The official launch of Astana International Exchange by the First President of the Republic of Kazakhstan — Elbasy Nursultan Nazarbayev



WORLD-CLASS EXCHANGE INFRASTRUCTURE

The AIX was created based on the most innovative solutions and with support from the most experienced and influential international players. Its main strategic partners are the Shanghai Stock Exchange, the hi-tech stock exchange giant NASDAQ (which provided the trading platform for AIX), the

international financial corporation Goldman Sachs, and the Silk Road Fund which opens access to projects within the framework of the Belt and Road Initiative.

The management experience and leadership skills of AIX have allowed an excellent team of professionals

to be assembled and to build an exchange that, in a short period, has gained a reputation for being a world-class platform with top-class infrastructure and an integrated ecosystem of foreign and local investors that has conducted several dozen listings and launched various innovative products.

Results of AIX in 2020

In 2020, global capital markets were strongly impacted by the COVID-19 pandemic and resulting economic recession. Despite this, the appetite of international investors for Kazakhstan and Central Asia remained high throughout the year, due to a decline in interest rates and the emergence of promising private companies ready to raise capital in foreign currencies.

OVERALL RESULTS:

<h1>01.</h1>	<p>Over 80 securities listed, including shares and global depository receipts, bonds, exchange-traded funds, and notes.</p>	<h1>06.</h1>	<p>26 trading members, including brokers operating in Kazakhstan, as well as brokers from China, Russia, and Europe.</p>
<h1>02.</h1>	<p>Successfully listed the shares/global depository receipts of major issuers such as Kaspi.kz (IPO), Kazatomprom (SPO), Ferro Alloy and Kcell (cross-listings).</p>	<h1>07.</h1>	<p>In 2020, AIX welcomed new trading members who brought their knowledge and capabilities and strong investor relationships for the benefit of Kazakhstan's capital market. Among them:</p> <ul style="list-style-type: none"> • Sova Capital, which provides a full range of investment banking services to institutional and corporate clients interested in investing in Emerging Markets, including CIS countries; • ITI Capital, a UK-based international financial services company; • VTB Capital, a leading Russian international investment bank.
<h1>03.</h1>	<p>Since 2018, AIX Issuers have raised over USD 321 mln of equity capital (USD 104.7 mln in 2020).</p>		
<h1>04.</h1>	<p>USD 8.6 bn of debt capital listed on the AIX (USD 3.9 bn in 2020).</p>		
<h1>05.</h1>	<p>98 000 accounts at AIX CSD.</p>		

CEO of AIX, Timothy Bennett:
December, 2020

“THE CHANGES WE HAVE SEEN OVER THE PAST 12 MONTHS HAVE ACTUALLY STRENGTHENED THE AIX PROPOSITION FOR BOTH GLOBAL AND DOMESTIC INVESTORS. WE’VE SEEN INTEREST RATES DECLINE GLOBALLY AND THEREFORE THERE IS A LOT MORE INTEREST IN INVESTING IN EQUITIES. SO, WHILE THE PRIVATISATION PROGRAMME HAS UNDERSTANDABLY BEEN DEFERRED, THERE IS STILL A HIGH LEVEL OF INTEREST IN INVESTING IN KAZAKHSTAN”.



Retail investor market development

AIX's objectives include increasing retail investor numbers; making investing in securities more accessible; and promoting the concept of stock exchange investments as being a good alternative to deposits and real estate. It is also working on creating and developing a range of financial products that will be available for the average person in Kazakhstan.

AIX launched a new product, **exchange-traded notes (ETNs)** in order to provide local retail

investors with a broader range of investment options. There are now nine ETNs listed, which track various benchmark indexes, such as high-yield US corporate bonds and high-dividend companies.

All of these can be traded not only via brokers but also via the **Tabys** mobile app. Tabys was developed and launched in December 2020 to attract smaller retail investors that are unfamiliar with the stock market; the app helps them invest in their financial future.

BCC Invest has listed BCC Global Exchange Traded Notes on AIX linked to the performance of one of the largest domestic interval mutual funds, CentreCredit-Valyutniy.

In December 2020, new ETNs, Freedom Finance IPO Fund Exchange Traded Notes linked to the performance of its Fund of Initial Public Offerings, were listed on AIX. The notes are traded on AIX with Freedom Finance acting as a market maker, thereby providing easy access and liquidity for investors.



AIX public marketplace

AIX was one of the first exchanges in the world that migrated its core trading infrastructure — the Nasdaq matching engine — onto Amazon Web Services (AWS). This transition enabled AIX to enhance the performance of its trading services, while at the same time delivering flexibility and scalability to its investor community. The technology upgrade provides AIX with standardised and unified operations and a messaging and data infrastructure, which gives AIX flexibility vis-à-vis launching new products and services faster and more cost-efficiently for its securities market.

Nasdaq’s market technology powers over 250 of the world’s market infrastructure organisations and market participants, including broker-dealers, exchanges, clearing houses, central securities depositories, and regulators, in over 50 countries with end-to-end, mission-critical technology solutions.

CEO of AIX, Timothy Bennett:
September, 2020

“AIX CONTINUES TO BE AT THE FOREFRONT OF ADOPTING NEW INNOVATIONS AND TECHNOLOGIES TO BETTER SERVE ITS CUSTOMERS AND STRENGTHEN THE CAPITAL MARKETS INFRASTRUCTURE OF THE REGION. BY MOVING THE NASDAQ MATCHING ENGINE TO THE AWS CLOUD, AIX CONTINUES TO UPGRADE ITS MARKETPLACE TO COMPLY WITH THE INTERNATIONAL STANDARDS. ALL COMPONENTS OF AIX TRADING, SURVEILLANCE, MARKET DATA, AND POST-TRADE SERVICES ARE NOW RUNNING ON THE AWS CLOUD, THEREBY SETTING A NEW INDUSTRY BENCHMARK FOR OTHERS TO FOLLOW”.

Providing opportunities to midcap companies

In July 2020, AIX launched the **Regional Equity Market Segment (REMS)** to provide medium-sized businesses in Kazakhstan and Central Asia with better access to equity financing.

AIX has simplified the regulatory framework for companies with a free-float market capitalisation not exceeding USD 200 mln, which also allows a simplified prospectus based on one-year financials with no requirement to demonstrate a revenue earning track record.



AIX CSD

The Astana International Exchange Central Securities Depository Limited (AIX CSD) runs the infrastructure that enables the operation of so-called securities settlement systems. As a private company incorporated under the Acting law of the AIFC, the AIX CSD is responsible for daily cash and securities settlement and depositary activities, thereby facilitating the registration and safekeeping of securities, the settlement of securities in exchange for cash, and the tracking of securities and changes in the ownership of these securities.

In 2020, Thomas Murray, a global provider of data, risk assessment, and analytics services, assigned the AIX CSD an overall risk assessment of ‘A’, which denotes low risk. In addition, Raiffeisen bank became a participant of the AIX CSD, thereby allowing international institutional investors to hold their assets at the AIX CSD under the bank’s custody. Another notable event in 2020 was the opening of a foreign nominee account with the Russian National Settlement Depository.

Furthermore, the AIX CSD became an Associate member of the European Central Securities

Depositories Association (ECSDA). The ECSDA represents 40 national and international central securities depositories (CSDs) across 36 European countries and provides a forum for European CSDs to exchange views, elaborate best practices, and take forward projects of mutual interest. It endeavours to promote a constructive dialogue among the CSD community, European and global public authorities, and other stakeholders with a view to contributing to an efficient and risk-averse infrastructure for global and European financial markets.



BENEFITS

The AIFC offers the most successful solutions and technologies used by international financial centres and supplements them with additional exclusive benefits.

01. AIFC LAW AND JURISDICTION

AIFC Acts were elaborated based on the common law principles of England and Wales and the standards of leading global financial centres. The AIFC Court is the region's first independent common law judiciary for the settlement of commercial disputes.

02. ENGLISH AS THE MAIN OFFICIAL LANGUAGE

The official language of the AIFC is English. AIFC Acts, court proceedings, records, all transactions, and responses to inquiries are in English.

03. TAX BENEFITS

Exemption of AIFC participants from corporate income tax payments until January 1, 2066 for financial services, ancillary services provided to licensed participants, as well as exemption from individual and corporate income tax on income received from dividends, profits from the sale of shares and stakes, in the capital of AIFC participants as well as interests, dividends, profits from securities listed on AIX.

04. REDOMICILATION

The AIFC has developed acts allowing the transfer of a company from other jurisdictions into AIFC jurisdiction.

05. RECOGNISED STOCK EXCHANGE

The UK HM Revenue and Customs (HMRC) granted AIX the status of "recognised stock exchange".

06. EFFECTIVE AND DIGITALISED REGULATOR

The registration process for AIFC participants switched to an online format, and the registration period was shortened from 3-5 days in 2018 to just 1 day in 2020.

07. ORGANISATIONAL-LEGAL FORMS OF AIFC LEGAL ENTITIES

The AIFC has 15 types of organisational and legal forms for the creation of new legal entities. For most companies there are no requirements relating to share capital.

08. SIMPLIFIED LABOUR AND VISA REGIME

AIFC participants enjoy special labour and visa regime, simplified procedures and can obtain all required government and social-oriented services at the AIFC Expat Centre on the "one-stop shop" basis.

Achievements in 2020

294

new participants (in total 800+ from 53 countries)

4,000+

contracts with the AIFC Law as a governing law and the AIFC Court and IAC model clauses were concluded

\$3.9 bn

of debt capital listed on AIX

\$425 mln

volume of assets in the AIFC financial services sector

330

cases including 11 judgments and orders, and 319 mediation settlements and arbitration awards

100%

digitalised registration process

1 day

to register online via the E-Residence platform

60 business days

average authorisation period for applicants conducting regulated activities

Successful case

redomiciliation of Kazakhstan Energy Reinsurance Company from other jurisdiction to the AIFC





AIFC LAW

AIFC Acts are specially adapted and well-designed to operate in a particular way envisaged by the Constitutional Statute of the Republic of Kazakhstan “On the Astana International Financial Centre”. They are published in English, specifically for doing business in the AIFC and are tailored for global market players.

80

AIFC Acts have been adopted, which cover the majority of relationships between registered or recognised companies in the AIFC, as well as other relevant persons, on corporate, contract, employment, court, arbitration, and other matters. The coverage of activities is constantly being extended.

To ensure the introduction of the best global practice and the implementation of the relevant law of England and Wales, the majority of AIFC Acts are approved by the AIFC Legal Advisory Council, whose members are international lawyers and represent well-known London-based law firms and barristers’ chambers (3 Verulam Buildings, Norton Rose Fulbright, White & Case, Michelmores, Baker McKenzie, and Hogan Lovells).

AIFC law may be applied not only by investors or companies registered in the AIFC, but also by any individual or legal entity of the parties’ choice in a contract.

It is also important to mention that at the final meeting of the State Emergency Commission on 11 May 2020, the Head of State notes that it is necessary to intensify the use of the potential of the AIFC to attract investment and ensure that Kazakhstani entrepreneurs have access to the benefits of English law and the arbitration of the AIFC in resolving business disputes. Thereby, in fulfilment of the instruction of the Head of State several amendments to Kazakhstan legislation were made to enhance the access to the AIFC jurisdiction. The amendments brought clarity to enforcement practice of the AIFC Court Judgements, established mechanism for parties applying to a court in Kazakhstan to enter into an agreement to transfer the hearings of their dispute to the AIFC Court.

Integrated regulator

The AFSA is an independent regulator of the AIFC that was established under the Constitutional Statute of the Republic of Kazakhstan “On the Astana International Financial Centre” to regulate financial services and related activities in the AIFC. The 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 AFSA’s regulatory remit includes financial and market services in banking, insurance, capital markets, Islamic finance, fintech, as well as ancillary services.

The AFSA’s efforts in 2020 resulted in the further enhancement of its regulatory frameworks, support to the business community during the pandemic, growth of the AIFC participants’ community, and an expansion of the AFSA’s presence in the international arena.

MAIN HIGHLIGHTS FROM THE AFSA’S ACTIVITIES IN 2020:

01. REGULATORY FRAMEWORK

Throughout 2020 the AFSA’s efforts were focused on the further development of the regulatory environment with a view to facilitating business and innovation, compliance with the latest developments and global standards, as well as the adoption of policy measures to offset the negative consequences of the pandemic. The AIFC now offers a broad range of financial services, including 27 types of financial services, 8 types of market activities, and 5 types of ancillary services.

02. REGISTRATION

Company registration in the AIFC became simpler and easier, as the registration process is now completely performed online, allowing a decrease in the duration of procedures from 3-5 days on average to just 1 day. The number of registered AIFC participants had reached 658 by the end of 2020, representing an 81% rise on 2019.

03. AUTHORISATION AND RECOGNITION

In 2020, an increase in the number of applications for regulated activities (financial services) was seen compared to 2019. This attests to the AIFC’s growing attractiveness for financial services firms from around the world. The number of authorised firms was up 85% on 2019 (from 13 to 24).

04. SUPERVISION AND ENFORCEMENT

The AFSA ensures market integrity, financial stability, and the sustainable functioning of financial markets in the AIFC through an integrated system of supervision. Despite the COVID-19 pandemic, which changed the way AFSA supervises firms (including performing virtual or online inspections), the AFSA’s supervision system has remained effective due to its integrated and holistic nature. By the end of 2020, the number of AIFC participants subject to prudential supervision had increased significantly, from 10 firms to 17 (comprising 4 banks, 11 investment companies, and 2 insurance companies). 130 firms and 77 key individuals were under conduct supervision.

AIFC Court and International Arbitration Centre

The AIFC Court and IAC have been fully operational as modern international dispute resolution institutions since 1 January 2018.

Under the independent and expert management and leadership of world leaders in law (including the AIFC Court Chief Justice, The Rt. Hon. The Lord Mance, the IAC Chairman, Barbara Dohmann QC, and the AIFC Court and IAC Registrar and Chief Executive, Christopher Campbell-Holt), by the end of 2020, the AIFC Court and IAC had achieved considerably more than what had been achieved at the end of the third year of operations at similar common law courts and arbitration centres at other leading international financial centres.

The AIFC Court and IAC are two separate and independent Bodies of the AIFC that were established to provide world-class dispute resolution of commercial disputes involving parties doing business in the AIFC and parties doing business outside the AIFC, upon the consent of the parties to a dispute.

The AIFC Court and IAC continue to be the only international standard dispute resolution institutions of their type in Central Asia, and their activities are focused on achieving one mission: to become the number one choice for commercial dispute resolution in Central Asia.

In addition to its Chief Justice, the AIFC Court has nine world-class and prominent judges from the English and Welsh common law system, all of which have significant international dispute resolution experience. The IAC has its own panel of international arbitrators and mediators who have extensive experience of all major global financial centres and jurisdictions.

By the end of 2020, the AIFC Court and IAC had successfully resolved a total of 330 cases. The AIFC Court passed 11 judgments and orders, and all were successfully enforced in the Republic of Kazakhstan using the AIFC Court's unique step-by-step enforcement procedure which operates directly between the AIFC Court and enforcement agents without any involvement from local Kazakh courts. All the judgments and orders were published on the AIFC Court website in the English and Russian languages.

The IAC gave 10 arbitration awards, including interim and final arbitration awards, and three of the awards were successfully enforced in the Republic of Kazakhstan as Orders of the AIFC Court. **309 mediation settlements were achieved at the IAC.**



The AIFC Court and IAC have world-class physical premises and deploy cutting-edge digital technologies, including E-Justice and video hearing technology.

The disputes were all commercial in nature and involved contract breaches, non-payments, finance, employment, property (including land), damages, and other matters. The laws applied were the laws of the AIFC, Kazakhstan, and Russia. The parties to the disputes came from 11 countries, including Kazakhstan and other countries in Central Asia, Russia, China, and the UK. 222 lawyers registered at the AIFC Court for rights of audience from 25 countries, including Kazakhstan and the wider Central Asia region, and the US, UK, Europe, Africa, Asia, and Oceania.

The AIFC Court and IAC were included in the dispute resolution clauses of over 4,000 business contracts, including the contracts of Chevron and Tengizchevroil, which listed the AIFC Court and IAC as the number one choice for commercial dispute resolution for disputes under those contracts; other companies followed this trend.

Also, the jurisdiction of the AIFC Court and IAC and AIFC Law clauses are widely applied by quasi-state sector companies in investment and other contracts under the Roadmap for further attracting investments in the Republic of Kazakhstan, which was approved by the Decree of the Government of the Republic of Kazakhstan dated July 30, 2019 No. 548.

As part of the Roadmap, the AIFC Authority provides full assistance to NWF Samruk-Kazyna, NMH Baiterek, NIH Zerde, Astana Hub and AKF Park of Innovative Technologies in clarifying the issues on the inclusion of the clauses of the law of the AIFC, the AIFC Court or the IAC, or their adaptation, depending on the needs of the parties to the contract.

The AIFC Court and IAC were included in the dispute resolution clauses of over

4,000

business contracts

10

world-class and prominent judges from the English and Welsh common law system

11

judgments and orders of the AIFC Court

By the end of 2020, the AIFC Court and IAC had successfully resolved a total of

330

cases



AIFC Tax Incentives

The AIFC's favourable tax framework provides benefits that encourage domestic and international investors to take advantage of various tax incentives.

0% ALL THE AIFC'S TAX EXEMPTIONS INVOLVE A ZERO TAX RATE UNTIL 1 JANUARY 2066.

Tax exemptions on income from providing financial and ancillary services in the AIFC

Until 1 January 2066, AIFC participants that provide financial services are exempt from corporate income tax (CIT) and VAT. There is also CIT exemption on income from ancillary services.

EXEMPTION FROM CIT ON INCOME FROM PROVIDING ANCILLARY SERVICES

- AIFC Bodies and their organisations;
- services provided to AIFC Bodies and participants that provide financial services stipulated in the Constitutional Statute of the Republic of Kazakhstan "On the Astana International Financial Centre".

EXEMPTION FROM CIT ON INCOME AND VAT FROM PROVIDING FINANCIAL SERVICES

- Islamic banking services;
- reinsurance and insurance brokerage services;
- investment management services for investment fund assets;
- brokerage, dealer, or underwriting services;
- any other financial services defined by the Joint Order of the AIFC, the Ministry of Finance, and the Ministry of the National Economy.

In addition, participants that provide services prescribed by the Constitutional Statute of the Republic of Kazakhstan "On the Astana International Financial Centre" are exempt from **property tax and land tax** for facilities located in the AIFC. Also, foreign nationals employed by an AIFC participant are exempt from **personal income tax on income** received under their employment contracts with AIFC participants.

Tax exemptions on income received from investments in the AIFC

The AIFC also offers corporate and personal tax exemptions to natural and legal persons on income derived from investments in the AIFC. Such investments include:

PROFITS FROM SALES

- securities listed, on the day of their sale, on the official list of the stock exchange;
- shares or stakes in the capital of AIFC participants that are legal persons registered under the acting law of the AIFC.

DIVIDENDS

- securities listed, on the day of their accrual, on the official list of the stock exchange;
- shares or stakes in the capital of AIFC participants that are legal persons registered under the acting law of the AIFC.

INTEREST ACCRUED

- securities listed, on the day of their accrual, on the official list of the stock exchange.

Tax exemptions for investment funds and investment fund management companies

- exclusion from the total annual income of investment income received by investment funds registered in accordance with the acting AIFC law and accounted for by the custodian or the management company of the investment fund;
- VAT exemption for operations of investment funds registered in accordance with the acting AIFC law, as well as services for the management of these funds.

SUPPORTING SERVICES

AIFC Expat Centre (AEC)

The AEC is a specialised multifunctional centre, designed to create and foster a favourable environment for foreign nationals to reside and do business in Kazakhstan, and to facilitate their comprehensive integration into local society.

The AEC provides foreign investors and experts with access to an ample variety of government and social-oriented soft-landing services on the "one-stop shop" basis.

Once a foreign citizen decides to become an investor in Kazakhstan, all required formalities can be arranged at the AEC. Full support and a wide range of required

services are offered to new investors so that they can begin their activity quickly and easily.

The AEC provides more than 500 government and support services in a single place. The AEC team can gather all the necessary information and make all respective arrangements on the client's behalf for such services as:

- visa and migration issues;
- registration as a taxpayer;
- obtaining a digital signature;
- vehicle registration, driver's license, vehicle plates;
- finding accommodation, a medical institution, etc.



Top-5 services in-demand at AEC

In 2020, 4645 services were provided by the AEC, including the following most in-demand services:

- 01 OBTAINING AN INDIVIDUAL IDENTIFICATION NUMBER (IIN)**

In order to open a bank account, acquire property, or receive an income, an expatriate needs to register as a taxpayer by obtaining an Individual Identification Number (IIN) at the AEC.
- 02 OBTAINING AN ELECTRONIC DIGITAL SIGNATURE (EDS)**

Once expats obtain an EDS, they immediately get full access to all government services available for foreign nationals through the E-Government portal. An EDS has the same status as a handwritten signature (i.e., in terms of being legal and enforceable).
- 03 VISA INVITATION LETTER**

One of the pillars of the AEC performance is assistance and expertise in visa and migration issues, including issuing an invitation letter. The AEC provides an expert migration advice for investors or their employees.
- 04 VISA ISSUANCE AND EXTENSIONS**

As an additional visa and migration service, expatriates that have arrived in Kazakhstan can obtain and extend their visas at the AEC.
- 05 OBTAINING CERTIFICATES THROUGH EGOV.KZ (E-GOVERNMENT SERVICES PLATFORM)**

At the AEC foreign citizens can get professional assistance and support in obtaining government services available for foreign citizens.

The AIFC, jointly with authorised bodies, plays an active role in optimising and digitalising approaches to procedures related to government services.

Support desk for investors

In addition, work was carried out to transform the AEC into a regional front office, including on investment issues. Thus, the services of Kazakh Invest are also available at the AEC site. The Kazakh Invest desk provides a wide range of services to investors, including necessary clarifications on Kazakhstan legislation, investment preferences and pipeline of projects.

AIFC RESPONSE TO COVID-19

Against a backdrop of the COVID-19 pandemic, the AIFC used its advanced framework and infrastructure to continue to conduct business, with all possible measures taken to deliver the highest quality service, while at the same time mitigating respective impacts, protecting the business community, and continuing to showcase the AIFC's full potential. As the AIFC actively monitored the evolving situation with COVID-19, it had to ensure that the centre could continue to provide its participants with tools and services in the same efficient way as in pre-pandemic times.

Transition to remote working format

The implemented measures included the transition of 80% of employees to a remote work, with some exceptions possible for employees responsible for ensuring a smooth flow of services. Because of the high working standards set by the centre, the AIFC made sure that staff had all necessary digital solutions for the timely and effective consideration of requests from AIFC participants and consumers of financial services. In the health and safety interests of all parties, throughout the period of the pandemic the centre suspended face-to-face meetings with clients and replaced them with online ones, using the centre's digital capabilities.

With regard to the partners of the AIFC, the centre tailored its system to assist the new needs of businesses and support the operations of organisations. By providing special conditions, the AIFC hopes to facilitate their growth and to minimise pandemic-related impacts. The AIFC Property introduced an initiative to provide full exemption from rent for all participants, partners, and service companies of the AIFC during an official state of emergency related to COVID-19.

The implemented measures included the transition of

80%

of employees to remote work

Business continuity

Apart from the additional benefits, the AIFC's online services helped provide participants with the same level of experience that they would have received using the premises of the AIFC.



RELATED INITIATIVES INCLUDED:

AFSA

Despite the COVID-19 pandemic, the AFSA transitioned to a remote working format and remained fully functional, while financial markets remained open for consumers of financial services. Regulatory support measures were introduced by the AFSA to support the business community of the AIFC during these challenging times. **These measures included:**

01. **COVID-19 regulatory relief measures**, focusing on operational resilience (e.g. deferred reporting deadlines, deferred inspections, deferred requirements issued at the licensing stage).

02. **Modification of base capital requirements.** For example, in order to open a bank in the AIFC, a firm will need to meet a base capital requirement of **USD 5 mln** instead of USD 10 mln (effective till November 2023).

03. **Modification of liquidity requirements for investment firms.** For example, for firms providing trust services, a requirement on having liquid assets at least equal to 25% of annual operating expenditure was reduced from 25 to **10%** (effective till November 2023).

04. **The registration process is now completely performed online**, allowing a decrease in the duration of procedures from three-to-five days on average to **just one day**.

AIFC participants were also provided with free access to Bloomberg and Refinitiv terminals for one month.

AIX

With its digital capabilities, the exchange continued to operate as normal, providing trading in securities from Monday to Friday during regular trading hours. In addition, AIX took a number of steps to minimise risks to the health of its employees, while at the same time ensuring smooth operations.

AIFC COURT AND IAC

During the pandemic, the AIFC Court and IAC operated 100% online, without any disruption. E-Justice and video hearings were used to ensure immediate access to justice and expedient and cost-effective dispute resolution. In particular, E-Justice enabled parties to file cases at the AIFC Court and IAC online from anywhere in the world, without having to be physically present in Nur-Sultan city and without the parties to the disputes having to leave their homes. Some cases were resolved via written submissions, without the need for an oral hearing, and this occurred when an AIFC Court judge or IAC arbitrator decided that this was appropriate and in the best interests of a particular case.

AEC

The E-Service allowed individuals to receive professional consultations via online face-to-face interaction. The service connected parties with managers of the AEC, which helped to handle various individual cases, including consulting in stay and travel terms, assistance in obtaining services, reviewing documents before submission, and booking a one-time appointment to visit the AEC during the COVID-19 lockdown.

BCPD

The COVID-19 pandemic brought large-scale disruption to the education system and professional education services by reducing many professionals' opportunities, and it will continue to have substantial adverse effects. The BCPD has been very proactive in providing access to quality learning opportunities during COVID-19 and explored innovative ways to close learning gaps.

During 2020, the BCPD provided open education courses and workshops for professionals across the country and trained **over**

6,000 PEOPLE
in various professional areas



AIFC GLOBAL RECOGNITION

The AIFC has built a world-class institutional framework and infrastructure to facilitate investment and to mitigate or alleviate related risks. Foreign partners and investors are now preferring to use the AIFC jurisdiction to structure deals and to establish their businesses; the AIFC is becoming the default risk-mitigation tool for all business investment in Kazakhstan and the wider region.



THE FINANCIAL TIMES STOCK EXCHANGE (FTSE)

In 2020, FTSE Russell, a subsidiary of the London Stock Exchange Group (LSEG), added AIX as an eligible trading venue within the Ground Rules for the FTSE Frontier Index Series.

The addition of AIX will also assist in the country's medium-term objective of achieving Secondary Emerging Market status.

By the end of 2019, around USD 200 bn had been benchmarked against the FTSE Emerging Indexes and the current weight of Kazakhstan in the FTSE Frontier Index is **1.79%** (as of July 2020).



THE GLOBAL FINANCIAL CENTRES INDEX (GFCI)

In 2020, GFCI, a global ranking system, awarded the AIFC **78th place** on the global arena and **7th place** in Eastern Europe and Central Asia (March, 2021). The AIFC demonstrated significant improvements in its goal of gaining international recognition.



THOMAS MURRAY

In 2020, Thomas Murray, global post-trade risk and custody specialists, assigned the Astana International Exchange Central Securities Depository an overall risk assessment of 'A', which denotes low risk.



HOLON IQ AND EDCRUNCH

In August 2020, the QWANT school was included to the list of the **100 most innovative companies** in the field of educational technologies in Russia and CIS countries, according to Holon IQ and EdCrunch.



ISLAMIC FINANCE COUNTRY INDEX (IFCI)

Initiatives taken by the AIFC to promote and develop Islamic finance improved Kazakhstan's position in the Islamic Finance Country Index to **14th** in 2020, according to the Global Islamic Finance Report (GIFR 2020).



THE GLOBAL ISLAMIC FINTECH INDEX (GIFI)

In 2021, Kazakhstan ranked **27th** in Islamic fintech in the world and first in Islamic fintech among CIS countries, according to Global Islamic Fintech Report.



THE GLOBAL GREEN FINANCE INDEX (GGFI)

The index charts the progress of the world's financial centres towards a financial system that delivers sustainable development, and values people and the planet as much as profit. The AIFC started work to enter the index in 2020 and succeeded in reaching **first place** in Eastern Europe & Central Asian countries and **57th place** globally in GGFI'7 (April 2021).



WORLD ALLIANCE OF INTERNATIONAL FINANCIAL CENTRES (WAIFC)

The AIFC is an active member of the WAIFC, a non-profit association registered in Belgium representing 17 leading international financial centres on four continents. WAIFC members comprise city governments, associations, and similar institutions developing and promoting their financial centres.



IOSCO ENHANCED MEMORANDUM OF UNDERSTANDING (EMMOU)

The AFSA became a signatory to the prestigious multilateral agreement, the EMMoU, which is the global benchmark for international cooperation in the enforcement of securities and derivatives laws and regulations, and supplements the MMoU adopted in 2002. Signatories to the EMMoU agree to provide each other with new forms of assistance in cross-border enforcement cooperation, such as obtaining asset freezes to protect consumers, obtaining compelled testimony and exchanges of audit papers.



IAIS MEMORANDUM OF UNDERSTANDING (MMOU)

The AFSA became signatory to a global agreement on cross-border supervision of the insurance sector. The IAIS MMoU provides a global framework of compliance and confidentiality to facilitate open cooperation and exchanges among 76 insurance supervisors worldwide. This represents approximately 76% of the worldwide premium volume.

AIFC AS AN INTEGRAL PART OF NUR-SULTAN CITY INFRASTRUCTURE

HOW AIFC HELPS NUR-SULTAN CITY TO BECOME A CENTRE OF GRAVITY FOR INVESTORS?

The AIFC is based in the capital of Kazakhstan, Nur-Sultan, thus giving it access to partnerships across the region.

According to the Development Programme of the city of Nur-Sultan for 2021-2025, the AIFC provides opportunities for the development of the financial services cluster in the capital. The development of the AIFC by a chain reaction will affect the improvement of the quality of financial and business services provided, contribute to the development of financial technologies and innovations, and create a transfer of knowledge and technology.

In line with the AIFC Development Strategy until 2025, the AIFC will become a centre of local expertise and facilitate the increase and development of the

city's human capital, thus creating a favourable environment for attracting the world's leading experts. The professional growth of local staff is nurtured through the AIFC's work to develop the professional education sector in Kazakhstan, executed by the AIFC's Bureau for Continuing Professional Development (BCPD Ltd.). The BCPD runs international professional certification preparatory courses and implements the best international practices to develop human capital and create a pool of local professionals. The AIFC Reserve Pool of 12,000 professionals fully complies with modern trends and market requirements.

"AIFC IS NOT ONLY A TERRITORY IN NUR-SULTAN THAT ENJOYS A SPECIAL STATUS, BUT ALSO A FINANCIAL CENTRE OF COMPETENCIES, PROFESSIONAL DEVELOPMENT, HUMAN CAPITAL, GREEN ECONOMY, AND ISLAMIC FINANCE"

Kassym-Jomart Tokayev

President of the Republic of Kazakhstan

Nur-Sultan city and the AIFC serve as a “one-stop shop” in the region for global investors and, conversely, a “bridge” to global markets for businesses from countries in the region¹². The AIFC creates favourable conditions for investors, which include allowing businesses coming to the AIFC to operate worldwide while being based in Nur-Sultan. A common law based legal framework and jurisdiction facilitate stable operations and relations and are familiar to global market players. Thus, the creation of the AIFC helps shape local infrastructure, attract capital, and transform Nur-Sultan into a centre of gravity for investors.

The role of the AIFC is not only to act as a centre for attracting foreign capital and as a special jurisdiction, but also to contribute to the city of Nur-Sultan obtaining the status of a “Global City”. Thanks to the activities of the AIFC, a multiplier effect is being created which will also be felt in other industries, such as tourist services, consulting, logistics and transportation, hospitality industry, and the development of business tourism. It is already the case that numerous local organisations, as well as developers, are striving to locate their facilities near the AIFC, which provides them with a number of additional benefits.

The very existence of the AIFC enables the local authorities to develop practical programmes aimed at the well-being of not only residents but also guests and foreign workers through the use of the English language and improving the quality of services in key vital

areas such as medicine, education, and safety. The aim is to be aligned with international trends vis-à-vis the development of global cities, such as digitalisation and boosting the efficacy of services.

Achieving all these objectives will enable the AIFC to acquire international recognition as a regional financial centre, thereby enhancing the infrastructure of Nur-Sultan, which in turn will allow it to become a centre of gravity for business and life in the heart of Eurasia.

AIFC as part of the EXPO infrastructure

The AIFC is located at the EXPO site in C3 and C4 pavilions. The total area of the pavilions exceeds 72,000 m² of which 50% is occupied by AIFC participants and partners (located mainly in pavilion C4), and by AIFC Bodies and their organisations (such as the AIFC Authority, the AFSA, the AIFC Court, the IAC, the AIX, GFC, Business Connect, BCPD, FinTech Hub (Pavilion C3)).

Being managed by specially created team as AIFC Property, the AIFC infrastructure is already occupied by large companies representing different sectors of the market, including:

- | | | |
|--|---|---|
| 01. The Eurasian Development Bank | 03. The China Construction Bank | 07. The Islamic Organisation for Food Security |
| 02. The European Bank for Reconstruction and Development | 04. Sberbank | 08. The Agency for Strategic Planning and Reforms of the Republic of Kazakhstan |
| | 05. Kazakh Invest | |
| | 06. Investment committee of the Ministry of Foreign Affairs of the Republic of Kazakhstan | |





04.

AIFC — REGIONAL FINANCIAL CENTRE AND INVESTMENT HUB



AIFC DELIVERY MODEL

Attracting investment into the country's economy remains a priority for the AIFC.

Despite significant progress in the development of the business environment, the AIFC recognises the need for further work to be done, especially in relation to the AIFC jurisdiction, the provision of services, products, preferences, and raising awareness of the unique environment and opportunities that the AIFC has to offer, both at local and international level. To achieve this progress, the AIFC will require a higher level of cooperation and support from the relevant government agencies.

In 2020, the AIFC Development Strategy until 2025 was adopted, marking the beginning of the establishment of the AIFC as a regional and global financial centre. To achieve its goals, the AIFC adopts a unique approach: a dual-core delivery model, which focuses on two key areas:



INCREASING CONNECTIVITY BY DEVELOPING AS AN INVESTMENT HUB



INCREASING TRAFFIC AND BUSINESS ACTIVITY BY DEVELOPING AS A REGIONAL FINANCIAL CENTRE



METAPHORS CAN BE USED TO ILLUSTRATE THE AIFC'S PLAN TO ACHIEVE EACH OF THESE TWO MODELS: THE AIFC PROVIDING CONNECTIVITY, LIKE AN AIRPORT, AND THE AIFC DIRECTLY SERVING CUSTOMERS, LIKE A SHOPPING MALL

What is the difference between the airport and shopping centre models? The main stakeholders of the airport are airlines which serve customers and connect cities and countries. In other words, connectivity is facilitated via airlines.

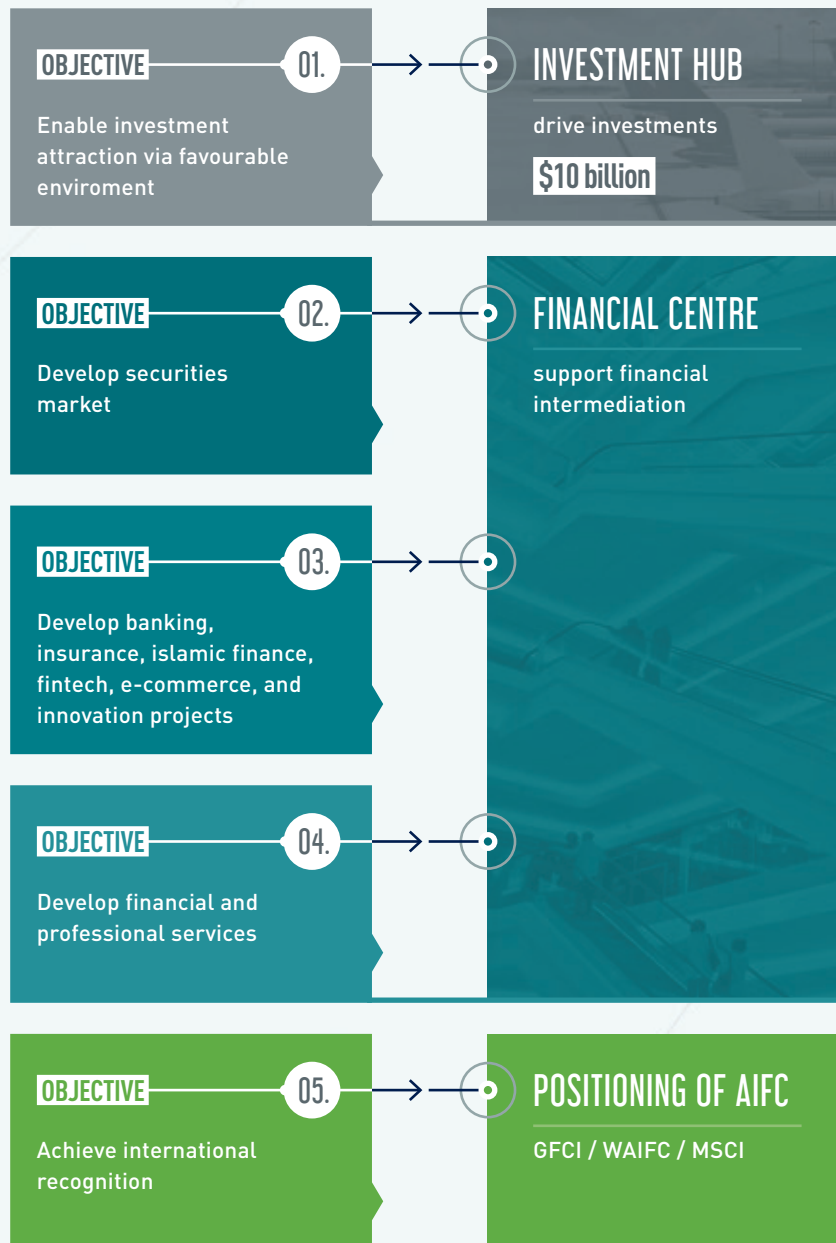
The success of airports lies in providing optimum conditions, so that both customers and airlines will prefer transit routes through such a hub. The AIFC aims to become a convenient and modern hub when it comes to attracting investment. High-quality services will underpin the core principles of market positioning, diversity, and differentiation.

The shopping centre model, in contrast, focuses on ensuring business activity and maintaining a sufficient level of customer traffic. The model is centred around providing services to end customers, either local or worldwide and of the range of products and services available to customers, physical and digital infrastructure are the main enablers of success.

The further development of the AIFC, so that it attains the status of being both an international investment hub and a regional financial centre, should take into account technological progress and foster international recognition and trust.

To ensure consistency, the dual-core delivery model covers five main strategic objectives, which are also set forth in the Constitutional Statute of the Republic of Kazakhstan "On the Astana International Financial Centre".

AIFC Development Strategy until 2025: objectives and dual-core delivery model



Vision

To become the leading international financial centre in the region.

Mission

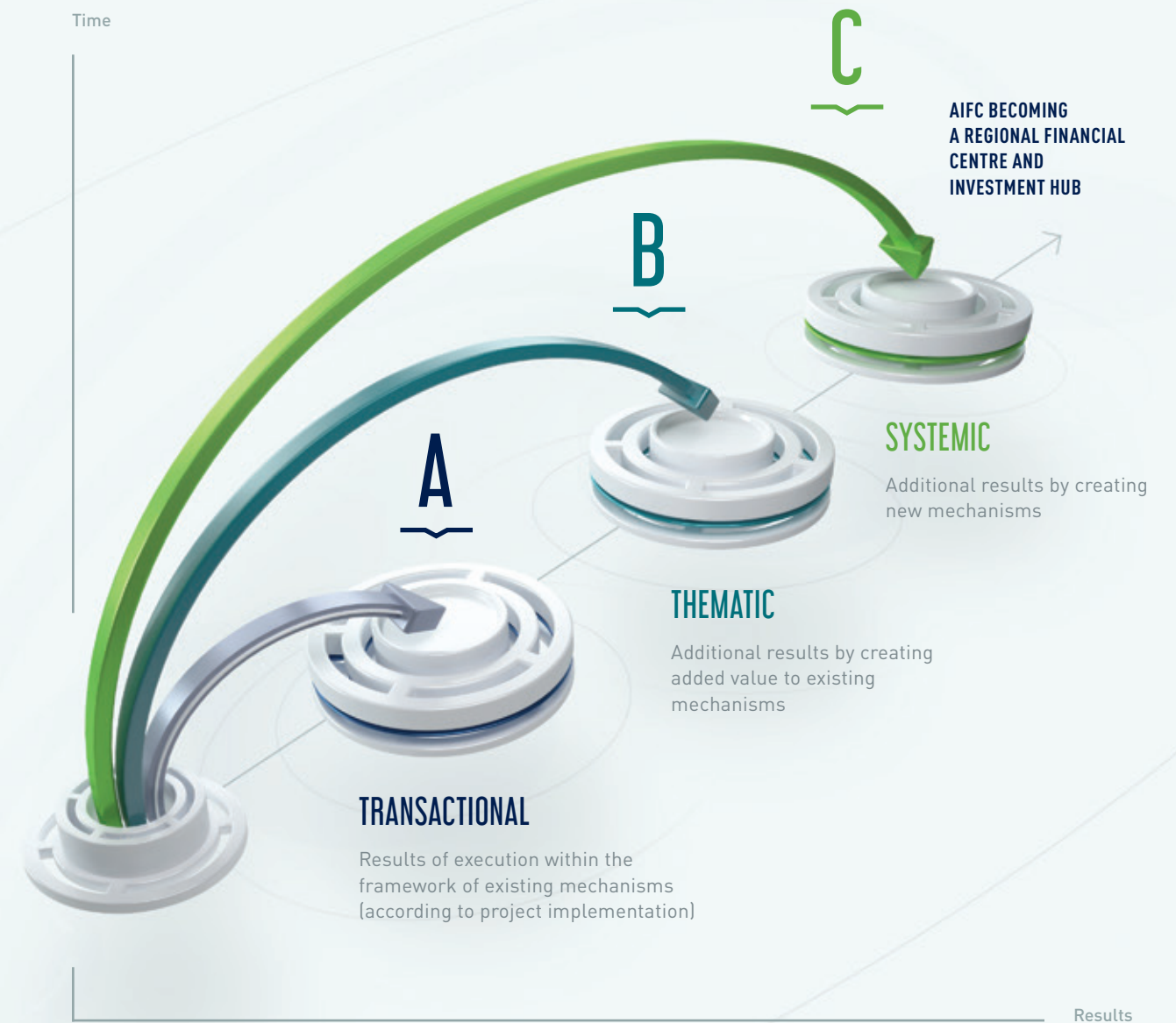
To contribute to the sustainable economic development of the region by fostering innovative financial products and services.

Since its inception, the AIFC has achieved remarkable progress: it has established a business environment and a law system that accord with leading international standards, worked extensively with various institutions, attracted a large number of international professionals and market participants through tax and other preferential policies, and has steadily built up the capital market ecosystem as well as a first-class capital market infrastructure.

The AIFC has reached its initial goals of establishing a functioning and acclaimed financial centre. Now, having consolidated its opportunities and expertise, the AIFC is focused on achieving long-term results and expanding its capacity through attaining short-term goals and quick wins. In this regard, the AIFC has adopted the “triple jump” tactics: a set of priority projects was developed, segmented within each “jump”.

These projects form an ambitious roadmap aimed at enhancing and stimulating business growth and helping the AIFC become a regional investment and financial hub.

“Triple jump” tactics



AIFC AS AN INVESTMENT HUB

One of the objectives of the AIFC is to become a national financial centre for attracting investment. Currently, the AIFC plays a major role in implementing the national policy on attracting investment into the Republic of Kazakhstan and improving the investment image of the country: it provides services to investors on the principle of a “one-stop shop” and forms a single pool of investment projects. The AIFC, as a unique platform and jurisdiction, has the potential to provide investors with a favourable and secure environment for doing business and making investments.

The geographical location of Kazakhstan gives the AIFC the potential to grow and develop further. Despite an expansion of the economy of countries of the region, the region lacked a financial centre for a long time. The proximity of the AIFC to the financial markets of Europe and China provides great opportunities vis-à-vis attracting capital to the economy of Kazakhstan, as well as the the region.

The AIFC has an opportunity to create a “transport hub” to facilitate the movement of capital — not only in Kazakhstan but throughout the region: between the businesses of the countries of Central Asia and the CIS countries and international capital markets. This trajectory of development is reflected in the delivery model of the AIFC, which envisages the creation of an investment hub in the form of an “airport”.



By providing favourable conditions, the AIFC as an investment hub aims to increase and diversify the number of the “airlines” that use it, i.e. those entities involved in attracting investment into the country. This includes both the “national operator”, AIFC Business Connect, as well as global investment banks, investment agencies, consulting companies, and law firms.

SUCCESS CASES



Halyk Finance is the investment banking subsidiary of Halyk Bank, a #1 bank in Kazakhstan. It is the first Kazakh investment bank to be given an investment-grade credit rating of BBB- with a stable outlook by Fitch Ratings, and to receive a license to operate on the territory of the AIFC. Halyk Finance provides corporate and retail clients with a full range of services, including brokerage, asset management, investment banking, and research.

COVID-19 pushed companies to digitalise their business processes and services. Halyk Finance, as a local leading practice, was already on the path of transforming its processes to embrace digital technologies. Since 2020, Halyk Finance has been assisting AIX in developing a mobile app called AIX Connect, which will give retail clients access to up-to-date market analysis. Also, Halyk Finance highlights the openness of AIX for dialogue as an advantage of the AIFC.

Being part of the AIFC gives Halyk Finance access to a wide market of international investments and expertise, and this will help in the company's efforts to secure sustainable growth in the future.

The company finds exemption from corporate income tax and VAT to be a key AIFC advantage, and as something that benefits both clients and participants. In addition, the AIFC's evolving digital services offering, such as the AIX Connect app, will help open the gates to retail clients.

Halyk Finance values effective registration process for participants, a personal corporate manager, and regular legislative updates from the AIFC. Together these foster and sustain a healthy and friendly corporate environment.



The overriding strategic objective of this investment hub is to encourage and boost investment into the Kazakh economy by creating an attractive investment environment in the financial services sphere. By 2025, the AIFC is targeting:

Entering the

50
TOP

of the Global Financial Centres Index (GFCI)

Attracting around

\$10 bn

in investment

AIFC ROLE IN THE GOVERNMENT INVESTMENT ATTRACTION ARCHITECTURE

Foreign direct investment plays an important role in boosting a country's economy and leads to an increase in quality of life, the creation of new jobs, and higher levels of social spending.

Capabilities of the AIFC will facilitate the rapid development of the financial sector and the segment of new financial technologies, which in turn will provide the necessary impetus to diversify the country's economy and move away from oil dependence.

In 2020, to further improve the investment climate and attract investment, the Government embraced a number of new approaches, and in each the AIFC plays a key role:

01. The AIFC became part of the national three-tier system for attracting investment and started working on investment projects under the 2020-2022 Ministry of Foreign Affairs (MFA) Country Investment Programme. The AIFC established a close working relationship with the MFA and all primary Kazakh embassies abroad, which took on the role of being investment outposts.

02. The Government connected the AIFC ecosystem to the newly adopted investment scheme — Strategic Investment Agreement (SIA). To this end, legislators introduced an appropriate amendment to the Entrepreneurial Code of the Republic of Kazakhstan.

03. The Government established a special Council for Attracting Investors (i.e. Investment Headquarters), chaired by the Prime Minister of the Republic of Kazakhstan, and a special Task Force. The latter is a special team of Kazakh Invest and AIFC negotiators and other responsible government institutions that provide end-to-end support on projects, from development and structuring to the start of the investment project.

04. The Task Force will work on over 2,500 national investment projects in the next few years.

The well-coordinated work of the Ministry of Foreign Affairs, the AIFC, Kazakh Invest, and the public sector provides multi-level oversight and financing of strategic investment projects.

BUSINESS CONNECT

AIFC Business Connect plays a key role in the AIFC ecosystem in terms of identifying, engaging, and attracting international capital to key sectors of the Kazakhstani economy, as well as countries of the Central Asia.

AIFC Business Connect's role is to verify and structure potential projects and deals via de-risking measures through identifying authentic bankable projects. These projects are then packaged in a way that can be presented to the international marketplace in a ready-for-business manner. Using its global network and its own business-links and commercial contacts, the AIFC works with potential and already existing interests from investors and institutions to support engagement in the country and the development of commercial objectives.

AIFC Business Connect engages with international investors and, with the advantage of having an understanding of respective investment criteria and business needs, is able to target its promotions to match investors with deals that suit their investment profile and connect them with other co-investors. AIFC Business Connect also focuses on international financial institutions and companies seeking to expand their presence in the region via the AIFC, by providing necessary registration and post-registration support.

SUCCESS CASES



iKapitalist was the first AIFC-licensed crowdfunding company (October 2019). The regulation was endorsed by the AFSA and developed in cooperation with the European Bank for Reconstruction and Development (EBRD). The company currently operates two licenses, Managing an Investment Crowdfunding Platform and Managing a Loan Crowdfunding Platform.

A key factor that enabled the launch of the iKapitalist Investment and Loan crowdfunding Platform was the FinTech Hub sandbox, which allows a gradual adoption of the principles, norms, and precedents of English law. AFSA governance also covers conflicts and dispute resolution by the AIFC Court, which can efficiently resolve any issues that arise between companies and investors.

iKapitalist team values the high-level of AIFC client service, which is provided in a timely way and in multiple languages; this greatly distinguishes the AIFC from other similar jurisdictions worldwide.



BUSINESS CONNECT: SOURCING AND STRUCTURING DEALS

SOURCING PROJECTS

Defining and sourcing suitable investment projects from government sourcing agencies, national companies and funds, associations & special economic zones via signing MoUs, NDAs and other agreements.

01.

STRUCTURING PROJECTS

Structuring projects into suitable models recognisable for international participants, including private & corporate investors, as well as supranational agencies.

02.

GOING TO MARKET

Matching financing investors with suitable projects and providing them with deep segment knowledge and network in order to ensure successful implementation.

03.

Main Types of Investment Projects:

1. ENERGY

Oil & Gas, Electricity, Alternative energy, etc.

2. AGRICULTURE

Wheat, barley, cotton, sugar, wool, cattle, etc.

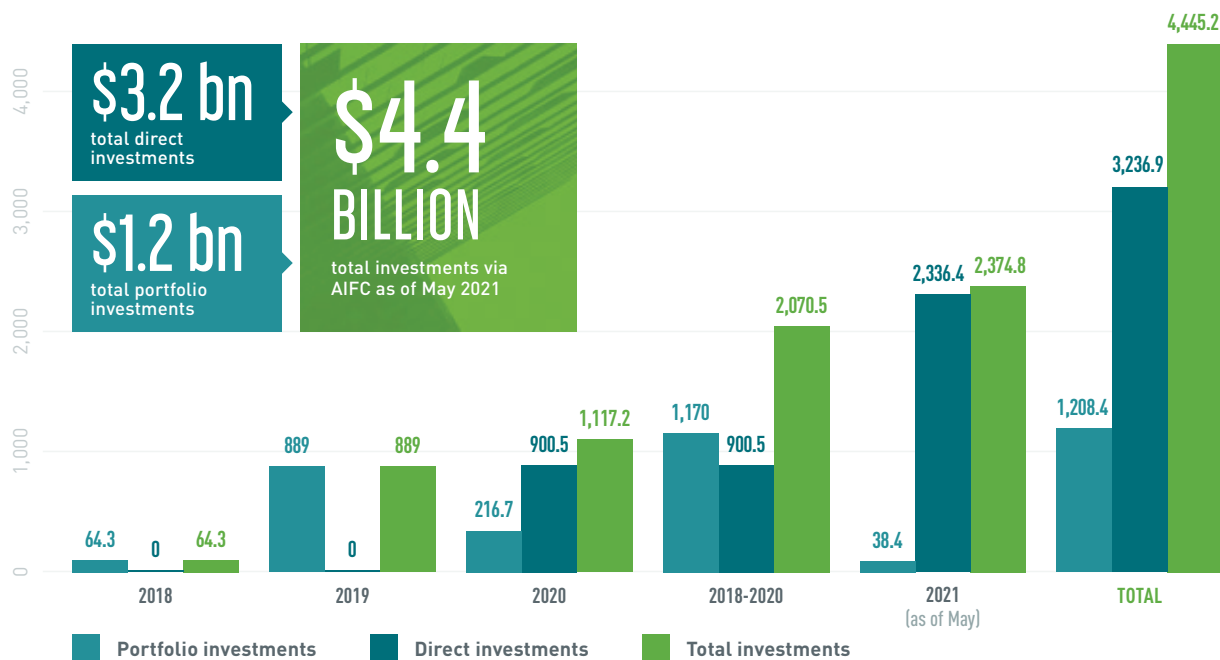
3. MINING

Copper, Lithium, Gold, Silver, Ferrous, etc.

4. FINANCE

Green Finance, Islamic Finance, Crypto, etc.

INVESTMENTS VIA AIFC, USD MLN



KEY HIGHLIGHTS

The AIFC Business Connect participated in the following activities in 2020:

- 01. AIFC Business Connect pulled **250 projects**, with a value of **USD 24 bn**, for consideration of investor community.
- 02. AIFC Business Connect acted as one of the negotiators with investors during the visit of the Prime Minister of Kazakhstan, Askar Mamin, to the UAE in October 2020 and showcased the attractive conditions and benefits available at the AIFC site. A Memorandum on Investment Cooperation, which envisages the implementation of **21 projects worth USD 6.1 bn**, was signed during the visit.
- 03. AIFC Business Connect acted as one of the negotiators with investors during the visit of the Deputy Chief of Staff of the President of the Republic of Kazakhstan, Timur Suleimenov, to the State of Qatar in November 2020, and again showcased the attractive conditions and benefits offered by the AIFC site. During the visit, Qatar investors were shown more than **10 projects** in the fields of mining and metals, the agro-industrial complex, and tourism, together worth **USD 2.2 bn**.
- 04. Elaborating the Comprehensive Plan on Attracting Investments for 2020-2024. This work includes proposals on capital flow reversal into Kazakhstan, liberalisation of the visa regime, and optimising capital market infrastructures.

SUCCESS CASES



The public company Freedom Finance Global PLC is a 100% subsidiary of the international group Freedom Holding Corp, and carries out financial activities, retail brokerage operations, investment consulting, securities trading, investment banking and underwriting services through its subsidiaries Freedom Finance in Eastern Europe and Central Asia. The holding's head office is located in Almaty, Kazakhstan, and it has branches around the world.

The regulatory framework of the AIFC allows Freedom Finance to build a fully-fledged broker in AIFC with direct access to foreign stock markets (NYSE/NASDAQ, London Stock Exchange, MOEX and SPB Exchange, HKEX, Frankfurt Stock Exchange) and financial instruments (including IPOs), operating as a public company under the name of "Freedom Finance Global PLC". The holding decided to establish a separate broker in the AIFC that could provide the same services as in other jurisdictions as well as a convenient and modern infrastructure to attract not only local, but also foreign clients from other regions of operation.

At the end of 2020, Freedom Finance Global PLC began actively opening accounts for clients. From December 2020 to April 2021, over 12,000 accounts were opened in the company, and almost 200,000 transactions were carried out.

Freedom Finance Global believes that many potential participants and clients prefer a more comprehensible and reliable form of legal protection, supported by the independent regulator AFSA, which employs top-level professionals and performs stringent controls over broker activities, based on the best global practices and standards.



SUCCESS CASES



China Construction Bank (CCB), a state-owned commercial bank, is one of the big-4 banks in the People’s Republic of China and the second-largest bank in the world by Tier1 Capital (source: The Banker, 2020). The bank offers deposits, loans, and fund management and currency exchange services, and seeks to provide an international banking offering to serve the needs of its corporate and private clients. After the previous successful experience of establishing a branch in the DIFC, the CCB Board of Directors took the decision to open a branch in the AIFC, concluding that a local branch could better serve the enterprises of both countries, foster bilateral economic development, and carry out similar business operations with the same legal standing, with no requirements related to registered capital. In September 2019, the CCB Astana Branch officially commenced operations in the AIFC.

This strategic partnership also allowed the bank to bolster bilateral settlements, while at the same time bringing a variety of fund sources for such facilities. On March 20, 2020, CCB Astana Branch bonds denominated in yuan (Falcon bonds), which were also the first RMB product of the AIX Belt and Road Market, were included in the AIX Official List. The bond, maturing in March 2022, and in the amount of CNY 1 billion (around KZT 63 billion), is denominated in RMB (Chinese Yuan) and has an interest rate of 2.95% per annum.

The bank is very satisfied with the AIFC jurisdiction, which is based on the principles, norms, and precedents of the law of England and Wales as well as the standards applied by the world’s leading financial centres. In addition, flexible requirements, such as an option to open a branch, preferential tax policies, and relaxed migration requirements for foreign employees, are beneficial to business. The option to open a branch brings more possibilities to serve the Central Asian market, a strong funding capability, and advanced practices in the international banking sector. The branch is confident that efforts from the AIFC will help create and foster a healthy and transparent regulatory environment and make it possible for participants to overcome challenges in a practical and proactive way.

05. Contributing to the Gap Analysis reports with respect to Kazakhstan MSCI & FTSE Emerging Market status eligibility as part of the technical cooperation between EBRD and AIFC to support Kazakhstani capital market development. AIX was included for the first time as a trading venue for the FTSE Frontier Index Series.

06. Contributing to the Joint Roadmap for further attracting investments in the Republic of Kazakhstan, published by the Ministry of Foreign Affairs of the Republic of Kazakhstan.

FURTHER STEPS TO DEVELOP INVESTMENT HUB

These key projects contribute to the AIFC development as an investment hub and align with the “triple jump” tactics under the AIFC delivery model.

AREA OF DEVELOPMENT	PLANNED PROJECTS FOR 2021-2023
ASSURANCE FOR INVESTORS	<p>Strategic Investment Agreements: structuring deals in the AIFC</p> <p>Developing the state support package is geared towards attracting strategic investments into Kazakhstan and boosting the economic growth and its diversification.</p> <p>From the start of 2021, investors registered in AIFC have been able to directly conclude a strategic investment agreement with the Government in AIFC jurisdiction.</p> <p>The strategic investment agreement envisions the implementation of large projects with an investment volume of at least USD 51 mln (7.5 monthly calculation units) in strategically important industries.</p>
IMPROVE ACCESS TO FINANCE IN AGRICULTURE	<p>Agriculture financing development</p> <p>The project is aimed at improving access to finance in agriculture by eliminating existing constraints, streamlining government support, and leveraging the AIFC’s opportunities.</p> <p>Contributing to a new developing national project will focus on increasing financing in agriculture, which has been on a downward trend in the past five years. The project will improve market distortions between private and government subsidies. The financing of agriculture thorough the AIFC will boost the agricultural sector by harnessing modern, high-performance technologies in the development of infrastructure.</p>



SUCCESS CASES



SkyBridge Invest JSC is a member of the SB Capital Group of companies established in 2008. It provides local and foreign clients with a wide range of professional brokerage and asset management services as well as advice on structuring, supporting, and implementing major mergers and acquisitions, restructuring financial debt, organising project financing, raising debt capital, and organising bond and Eurobond issues.

In 2020, the favourable AIFC regime, which accords with the most progressive international standards, as well as the productive joint work of SkyBridge Invest JSC and the AIFC, made it possible to create an unprecedented fund that uses algorithmic trading for portfolio management.

Such a type of trading had not been possible under Kazakh legislation, and SkyBridge Invest JSC, together with the AIFC, made a completely new offering to investors in Kazakhstan. At its core, this unique locally developed algorithmic strategy is based on portfolio risk targeting, with the main components being the S&P500 Index, gold, and US Treasury bonds. Following market trends, the algorithm proactively diversifies portfolio exposure across uncorrelated assets, which allows the Fund to not only earn for its investors but also to significantly reduce losses during periods of large drops in the stock market.

The Fund finds exemption from corporate income tax and VAT to be an advantage not only for itself, as an AIFC participant, but also for clients: algorithm-based trading has demonstrated solid results, clients made around 14% in foreign currency gains in 2020, and clients that invested with the AIFC received additional preferences in the form of non-taxable income.

AREA OF DEVELOPMENT		PLANNED PROJECTS FOR 2021-2023
<p>FURTHER DEVELOPMENT OF THE MINING INDUSTRY</p>		<p>Eurasian Mining Exchange</p> <p>Despite being richly endowed with mineral resources, Kazakhstan is not using its mining industry investment opportunities to the fullest extent possible. Almost all mines in Kazakhstan have been operating for decades, and no exploration activities have been performed recently. Providing incentives for exploration activities is hence critical to improving the investment outlook for the mining sector. Kazakhstan ranks relatively high in its mineral potential perception index, which is based on purely geological opportunities, suggesting that important steps could be taken through targeted policies aimed at boosting investment attractiveness.</p> <p>The project will focus on establishing a platform that contributes to increasing the investment attractiveness of the mining sector, facilitating FDI inflows into exploration (by launching and setting up a junior mining exchange), and driving changes in related legislation, in accordance with best international practice.</p> <p>The key stakeholders at various stages of the project are Rosgeology, Kazgeology, Tau-Ken Samruk, key Eurasian mining players (ERG, Kazakhmys, etc.), foreign investors, and relevant state agencies and ministries.</p>
<p>RAISING AWARENESS OF INVESTMENT OPPORTUNITIES</p>		<p>Developing an Investment platform</p> <p>The implementation of a digital investment platform, which will work as a “one-stop shop” platform for all foreign investors and domestic projects, facilitates the attraction of investment into the country.</p> <p>The digital platform will be a single information portal that will remove barriers and allow the number of investment products to be expanded. The platform will enable the AIFC to achieve the following:</p> <ul style="list-style-type: none"> • A single pool of fund seekers and investors. • An easily accessible platform. • The elimination of existing barriers to transactions. • An increase in investments. <p>In future, all necessary elements of the AIFC ecosystem and additional services will be added to the e-platform (for example, the ability to attract consulting services, information and educational services, dispute resolution services, basic procedures related to government agencies, etc.).</p>



SUCCESS CASES



Kazakhstan has recently become one of the top-five countries in the world for cryptocurrency operations, involving mining, fintech development, tokenisation, and other digital assets-related businesses. The AIFC is at the heart of these efforts, and serves as a central regulatory authority that not only plans the development of Kazakhstan as a financial hub but also attracts and inspires innovative companies into the space.

QuantDART Fintech Limited, or QD, became one of the first companies to be granted a license by the AIFC to operate in the digital assets-related space. QD built a safe and reliable digital assets-investment platform by using super-hardened, post-quantum cryptography. Once trust and credibility was established, QD developed a group of digital assets investment products.

These digital assets investment products allow investors of all financial risk profiles and investment experience to participate in the new financial revolution that is cryptocurrency.

As of now QuantDART offers wide range of investment products based on:

- conservative fixed-income strategy;
- quantitative analysis by AI and machine learning;
- DeFi staking;
- trading top-20 digital assets by market capitalization;
- Halal certification issued by a leading Shariah supervisory board.

QD is even creating the QD Crypto index (QDC), which not only provides an accurate gauge on the health of the crypto market as an index but also serves as a pivotal investment product itself through its balanced diversification and the way that it underpins the critical derivatives market.

Other QD initiatives are centred around blockchain expertise: it creates new innovations to leverage tokenisation for real estate, art, and other intellectual properties (IP).

QD was also named as one of the Best Tech Companies in Kazakhstan by Astana Hub. CEO Anderson Woo is a well-respected key opinion leader on the subject, while Head of Business Development, Edward Wong, lectures at RMIT University and is a highly sought-after speaker and popular blogger on digital assets.

AREA OF DEVELOPMENT		PLANNED PROJECTS FOR 2021-2023
<p>SEARCHING FOR NEW INVESTMENT DEVELOPMENT NICHEs</p>		<p>Growth Lab</p> <p>While Kazakhstan’s FDI and export structures remain mainly dependent on the energy sector, future sustainable economic growth requires a study to be conducted to establish priorities and the effective allocation of the country’s resources. In this regard, Harvard University will perform a research on economic growth and export diversification to detect constraints to economic development, identify economic sectors that should be prioritised in terms of investment policy, and elaborate recommendations on the economic and investment policies of Kazakhstan.</p> <p>The research results will be used to attract investments into the non-oil sector and non-oil export production by revealing which sectors and export products can bring greater economic growth to Kazakhstan. Also, the study will help to elaborate recommendations on the country’s investment policy.</p>
<p>INCREASING INVESTMENT ATTRACTIVENESS</p>		<p>Promotion of AIFC Investment Tax Residency Programme</p> <p>The Programme has been designed for non-Kazakh citizens and their family members wishing to receive an investor visa for up to five years. Also, an investor can receive Kazakhstan tax residence under a simplified procedure and exempt foreign-sourced income from taxation.</p> <p>From its launch onwards, the implementation of the Programme will involve devising an active promotion and sales-oriented strategy. The strategy will seek to increase the pool of potential Programme participants and raising awareness thereof. The strategy will also strive to ensure that the instruments prescribed by the Programme are in high demand among high-net-worth investors, and that the implementation of the Programme carries economic benefits and facilitates money inflows into Kazakhstan.</p> <p>In view of the widespread restrictions on movements due to the COVID-19 pandemic, the AIFC intends to digitalise the processes and procedures of the Programme, which would serve as an additional incentive for the participation of individuals. The online portal to be launched in the near future will digitalise the lifecycle of an application to participate in the Programme, from its submission to processing and decision-making. This will hugely simplify and accelerate the application process for businessmen and investors.</p>



SUCCESS CASES



Hungarian Export-Import Bank Private Limited Company (Exim) is a 100% state bank managed by the Ministry of Foreign Economic Relations and Foreign Affairs of Hungary. Exim is an official export credit agency with a history spanning over 25 years and serving more than 1,600 small and medium-sized enterprises. It has operations in over 150 countries and jurisdictions. In Hungary, the bank performs the functions of an export credit agency, based on the regulations of the OECD and the EU. It has a BBB credit rating, with a Stable outlook by Fitch Ratings.

Exim received a license to operate on the territory of the AIFC in December 2019 and it then began operations in Kazakhstan. It opened its representative office at the AIFC site in April 2021. The representative office offers effective financial and insurance products specially designed to cater for the activities of exporters and their suppliers, as well as enterprises preparing for export.

The strategic partnership between the representative office of the bank and the AIFC aims to support and nurture domestic businesses by acting as a bridge that contributes to the economy of both countries and which provides an opportunity for local companies to do business abroad. Hungary can offer Kazakh investors good economic prospects, a skilled workforce, and an attractive logistics infrastructure.

As currently operating a representative's office, Exim Bank finds the AIFC equally treating its participants and providing important benefits, for example, full assistance and support provided by the AIFC Expat Centre to foreign employees as a "one-stop shop" for obtaining vital services such as visa extension, registration, as well as entry and stay terms during the COVID-19 lockdown.

SUCCESS CASES



Quest Ventures is a venture capital fund that provides advocacy and investment services and world-class partnership benefits, as well as venture portfolio collaborations. The company is focused on an overarching 'digital economy' strategy and is one of the largest early-stage technology investors. By the end of 2020, as a result of operating on the territory of the AIFC, Quest Ventures had performed one successful acceleration round and invested USD 1 mln in 11 projects in Kazakhstan.

Quest Ventures requires, as a good practice, to register all their projects and start-ups on the territory of the AIFC in the form of a limited or private company. In terms of business, opening accounts for a transaction makes it easier for the investment itself. As a result, despite the COVID-19 pandemic, 10 clients of the company registered in the AIFC as participants, and this, in particular, gave Kazakh companies an opportunity to join venture capital markets.

Quest Ventures finds the globally accepted registration procedures for a legal entity adopted by the AIFC to be an advantage. The registration process can be fully performed online, with no physical signing or face-to-face requirements.

As befitting for an international company, a clear and familiar jurisdiction, as used in other international financial centres, assures credibility for business operations. In turn, Quest Ventures finds its working relationship with AIFC to be a beneficial and convenient feature for local companies and start-ups, as it can potentially attract international investors, and the cost of doing business is optimised, which is not always the case in other world financial centres.



AIFC AS A REGIONAL FINANCIAL CENTRE

The infrastructure and existing operations at the AIFC site establish it as a local centre of expertise with a developing capital market. The next development stage is another part of the AIFC delivery model, the “shopping centre model”.

A “shopping centre model” focuses primarily on end consumers themselves, by supporting companies that provide an appropriate environment, infrastructure, and services to end consumers through stores or authorised suppliers.

As a regional financial centre with an outstanding modern-day infrastructure, the AIFC provides space for entities to localise their corporate offices and regional headquarters. The heart of Central Asia offers an ideal location to generate successful business ventures, realise investment opportunities, and provide the most secure licensing and regulatory environment.



The AIFC as a regional financial centre has set the following main strategic objectives:

- Increase the weighting of Kazakhstan on the MSCI Frontier Market Index to 5% by 2025.
- Obtain MSCI Emerging Market status by 2030.
- Register 2,000 companies by 2025.
- Register 600 financial and professional services companies by 2025.
- Taxes and revenues generated should cover budget financing from 2023 onwards.

SUCCESS CASES



Crowe is an audit and accounting firm that operates one of the world’s top-8 international professional services networks. It is one of 10 firms in Kazakhstan offering audit, tax and consulting services, and can draw on 24 years of experience. Increased visibility and recognition of the AIFC on the global market as a financial centre, and the recent successful experience of the Dubai International Financial Centre, prompted Crowe to work in the AIFC. The company has operated on the territory of the AIFC as an audit firm member since 2019.

For Crowe, the AIFC has created an active and constantly expanding business niche. Despite COVID-19, the company has increased its local portfolio to 30 clients for recurring services. Crowe took full advantage of being the first ancillary service provider in the AIFC ecosystem.

The AIFC has set high registration requirements, including covering anti-money laundering compliance, mandatory reporting, and the compulsory presentation of a business plan. In turn, such standards have established a high level of credibility for AIFC participants: companies are perceived by the market as being experienced and honest business players.

The AIFC acts as a supportive partner: a 24/7 help desk and website provide detailed instructions and information on a range of matters, from the application procedure to presenting a business plan to the regulatory commission.



DESCRIPTION OF SERVICES PROVIDED

AIFC FINANCING LANDSCAPE

	TRADITIONAL / CONVENTIONAL	ISLAMIC FINANCE	GREEN / SUSTAINABLE	TECH / DIGITAL
SECURITIES AND CAPITAL MARKET	<ul style="list-style-type: none"> Equities (shares and GDRs) Bonds (corporate, sovereign) ETFs/ETNs 	Sukuk (corporate, sovereign)	<ul style="list-style-type: none"> Green bonds *Social bonds *Green loans 	Services: <ul style="list-style-type: none"> Anonymous Automated Trading Real-time Market Data Book-building service Securities lending service Market Making +Multi-currency trading & settlement Conversion: GDRs/shares Registry-keeping Depository Services Registration of pledges
	IPO/SPO, Pre-IPO, Debt (public and private), cross-listings, direct listings Dedicated Segments: <ul style="list-style-type: none"> Regional Equity Market Segment (REMS) +Junior Mining Belt & Road Market 			
INSURANCE	<ul style="list-style-type: none"> Insurance / Reinsurance Captive Insurance Insurance intermediaries 	<ul style="list-style-type: none"> Takaful / Retakaful Takaful operator Intermediaries 		
	Underwriting / guarantees / warranties / actuarial services			
CORPORATE BANKING / PRIVATE BANKING / WEALTH MANAGEMENT	<ul style="list-style-type: none"> Corporate banking — Conventional/Islamic Private banking (incl. family offices) Deposits, Credit facilities/Providing Islamic finance, Commercial/Syndicated loans, ECA backed loans Corporate finance, Discretionary/Advisory Mandates, Advisory**, arranging deals and custody, M&A Trade finance (incl. line of credit, guarantees, working capital, supply chain finance solutions) FICC — Fixed Income, currencies and commodities 			<ul style="list-style-type: none"> Remittances / money exchange Robo-advisory *Digital (mobile) banking *Payments and e-Money
ASSET MANAGEMENT	<ul style="list-style-type: none"> Funds (incl. REITs, hedge funds), Private equity Collective investment scheme (fund administration, dealing as an agent/Principal) Foundation, Trust, Asset Management Company (AMC) Managing investments (Restricted PSIA, real estate) 		Green investment scheme (fund administration, dealing as an agent/Principal)	
ALTERNATIVE FINANCING / INNOVATION	<ul style="list-style-type: none"> Infrastructure financing through SPCs Structured products, Securitisation Asset-based financing (inventory finance, leasing/renting, real estate, aircraft, leasing) 		GreenTech / CleanTech	<ul style="list-style-type: none"> RegTech LegalTech +Crowdfunding, including crowdlending
	Ancillary services (legal, accounting, auditing, credit rating agencies**, consulting/advisory**, Corporate Service Providers, e-Commerce)			
		consulting/advisory**, Corporate Service Providers, e-Commerce)		

* Launching soon

+ available only in the AIFC within the territory of Kazakhstan

** external verification required for green finance and Islamic finance

Ancillary services (legal, accounting, auditing, credit rating agencies**, consulting/advisory**, Corporate Service Providers, e-Commerce)



SUCCESS CASES

KERC

Kazakhstan Energy Reinsurance Company Ltd. (KERC) is an affiliated company of KazMunayGas JSC, which is engaged in the reinsurance business within the KazMunayGas Group and Samruk-Kazyna Sovereign Wealth Fund, its parent holding company. The company has operated on the territory of the AIFC since 2019, when it received a license to perform the Regulated Activities of Effecting Contracts of Insurance and Performing Contracts of Insurance as a captive insurer by way of a 'Transfer of Incorporation' (redomiciliation).

KERC was previously domiciled in Bermuda, where it had been operating since 2004. Its redomiciliation to the AIFC allowed it to transfer all legal rights and liabilities to the new entity, which is the same legal entity as the previous overseas-incorporated company. It will continue to retain all previous property, rights, and privileges, and be subject to all previously committed-to liabilities, covenants, and debts, since the regulations of the AIFC are in line with international jurisdiction. As part of investment reforms in Kazakhstan, the AIFC is striving to accelerate economic growth within the country and attract investment into the country. Transferring KERC's incorporation from Bermuda to the AIFC represented a positive step within the process of relocating Kazakh capital and assets from foreign jurisdictions.

In addition, after redomiciliation the parent company was exempt from tax payments for foreign controlled company's (under legislation covering Kazakh tax residents and KERC revenues local counterparties are exempt from withholding tax for offshore jurisdictions). Also, during the COVID-19 crisis the AIFC stepped forward to become a dependable business partner that could be relied upon to foster mutual business growth, and which also released participants from annual fees in 2020.

KERC has drawn attention to the numerous high-quality professionals (auditors, lawyers, etc.) that provide services to the AIFC. These ancillary services providers find the AIFC regulatory framework to be very attractive, since it is similar to other international jurisdictions.

FURTHER STEPS TO DEVELOP REGIONAL FINANCIAL CENTRE

The key projects below will contribute to realising the potential of the AIFC as a regional financial centre and correspond to the "triple jump" tactics projects planned within the framework of the AIFC delivery model.

AREA OF DEVELOPMENT	PLANNED PROJECTS FOR 2021-2023
<p>DEVELOPMENT OF CAPITAL MARKET</p>	<p>Integration with global capital markets</p> <p>The project is aimed at integrating the country's capital market with global markets by further developing the AIFC as the best access platform in the region for foreign investors. This will be achieved through broadening partnerships with international market players and services providers, attracting international custodian banks as depository members, ensuring the participation of foreign investors in equity offerings, and attracting and maintaining market liquidity.</p> <hr/> <p>Growing investor base (Tabys)</p> <p>The project is aimed at developing the retail investor base and boosting liquidity by engaging more local investors through the investment application Tabys. AIX has created its own product, exchange-traded notes (ETNs), which allows Kazakh investors to invest in global market indexes (ETFs managed by BlackRock, Vanguard and US Commodity Funds) and diversify their investments at minimal costs via Tabys.</p>



SUCCESS CASES



Russell Bedford A+ Partners IAC LLP is an AIFC Participant licensed by the AFSA to carry out accounting, audit, tax and consulting services. At the end of 2020, the company became one of the top-10 leaders among auditing and consulting companies in Kazakhstan. It provides corporate and retail clients with a full range of services, such as consulting, evaluation, audit, tax, and financial consulting.

Russell Bedford joined the AIFC following the growing presence of asset management and capital market service providers in the AIFC, and was attracted by the AIFC's common law based jurisdiction and new business opportunities. As a participant of the AIFC, Russell Bedford takes advantage of the opportunities provided by the AIFC and keeps enlarging its customer-base, including AIFC participants.

The company finds exemption from corporate income tax and VAT to be a key AIFC advantage that brings benefits both for clients and participants. In addition, the company highlights the impact of the AIFC's educational approaches and the development of participants and their employees; the AIFC regularly organises a wide range of courses free of charge.

AREA OF DEVELOPMENT		PLANNED PROJECTS FOR 2021-2023
<p>ATTRACTING EXTERNAL MANAGEMENT COMPANIES AND DEVELOPING PRIVATE BANKING</p>		<p>Localisation of External Management Companies in the AIFC — Phase II</p> <p>Phase I of the project involved amendments to the National Bank rules for selection of external asset managers of the National Fund and Unified Accumulative Pension Fund, which allow entities taking part in a tender to receive additional scoring points if they express an intention to establish/undergo the recognition procedure in the AIFC to carry out the respective financial activities, or already carry out such an activity in the AIFC.</p> <hr/> <p>Private banking</p> <p>The project seeks to implement wealth management and private banking services in Kazakhstan by attracting subdivisions of local banks and localising international institutions in the AIFC.</p> <hr/> <p>Unified Accumulative Pension Fund Asset Management</p> <p>Another project is aimed at enabling AIFC-based management companies to participate in the management of the Unified Accumulative Pension Fund's assets within the framework of recent legislative pension reforms.</p> <p>As part of these reforms, Kazakhstan's natural persons are now able to voluntarily transfer some of their pension assets to be managed</p> <p>The proposed Phase II involves taking measures to ensure the effective implementation of the new provisions by raising awareness of management companies and participating in the National Bank's tenders with a view to encouraging them to establish operations at the AIFC.</p> <p>by designated management companies, which must satisfy certain criteria set by the state. The participation of AIFC-based management companies in this initiative will result in giving a boost to the asset management industry in the AIFC through attracting international players with the required knowledge and capabilities.</p>



AREA OF DEVELOPMENT	PLANNED PROJECTS FOR 2021-2023
DEVELOPMENT OF INSURANCE AND REINSURANCE MARKET	<p>Insurance and reinsurance</p> <p>The project is focused on facilitating growth in the reinsurance market. Also, the main priority will be direct insurance of residents of the Republic of Kazakhstan in the AIFC, that is currently not offered or is not sufficiently developed in Kazakhstan, especially, voluntary property insurance categories related to catastrophic risk insurance and climate risks, as well as new types of risks such as insurance of cyber risks, political and terrorism risks. Property insurance categories such as insurance of marine, space and aviation risks, vehicles insurance and risk associated with the general liability insurance and cargo, etc. have great potential for development.</p>
DEVELOPMENT OF NEW FINANCIAL INSTRUMENTS	<p>Islamic Finance and Business Hub</p> <p>The Hub focuses on the implementation of the road map for the development of Islamic finance in Kazakhstan. One of the key milestones for the industry will be the issuance of government and quasi-government Islamic securities on the AIX, which would set a benchmark for the Islamic securities issuances on the exchange and be a signal to the international Islamic finance society on the potential Kazakhstan in Islamic finance. The Hub further focuses on the localisation of Islamic banking and non-banking institutions, and asset management companies.</p> <hr/> <p>Green Finance Centre</p> <p>The project is focused on further enhancing the regulatory framework for green finance and is aimed at mainstreaming environmental factors and improving access to investment in green projects, as well as ensuring the further sustainable development of the sectors of the country's economy, such as infrastructure, energy (alternative), and the environment.</p>

AREA OF DEVELOPMENT	PLANNED PROJECTS FOR 2021-2023
	<p>Leasing and insurance services (Aviation Hub)</p> <p>Regulatory framework for governing security guarantees and other means of protection of mobile equipment will create the conditions for the development of financial instruments and attracts players specializing in:</p> <ul style="list-style-type: none"> • financing commercial and export credits • securitisation (securities secured by assets) • operational and financial leasing • financing through sale and leaseback • various types of insurance <p>On the first stage through creation of Aviation Hub, a unique market will be created on the AIFC platform. For example, 36 branches of leasing and insurance companies in relation to aviation operate in Bermuda, including AerCap, BOC Aviation, AIG Bermuda, Berkshire Hathaway, CDB leasing, and ICBC.</p>
DEVELOPMENT OF A DIGITAL FINANCIAL CENTRE	<p>AIFC Tech Hub</p> <p>The AIFC has already begun work to develop technology clusters. Clusters will be created around centres of competence within the framework of Industry 4.0, FinTech, GovTech, Legal Tech & EdTech. It is planned to develop demand for technologies, realise the potential of regulatory sandboxes, launch pilots, and scale cases in Kazakhstan and abroad.</p> <p>The project's mission is to bring together key participants in the technologies ecosystem, international partners, experts, entrepreneurs, start-ups, and technology projects.</p> <p>The AIFC Tech Hub will be a point of integration between innovation and new ideas with a view to promoting economic development within Central Asia.</p> <hr/> <p>E-residence</p> <p>The project is focused on providing a digital ecosystem for AIFC participants, where they can get all AIFC services online, including a mobile app (for existing and potential AIFC participants), as well as access to investors and the business community; all parties will be able to get relevant information, start businesses, and build a network within the AIFC ecosystem.</p>



AREA OF DEVELOPMENT	PLANNED PROJECTS FOR 2021-2023
<p>REDOMICILIATION OPPORTUNITIES</p>	<p>Redomiciliation</p> <p>The AIFC has established itself as a robust and safe jurisdiction that offers immense advantages for businesses. It is possible to redomicile a company from another jurisdiction to the AIFC, without liquidating it in the country that it is being redomiciled from. The AIFC offers redomiciliation services for companies willing to transfer their residence by maintaining their legal status, organisational and legal form, corporate structure; liabilities, assets, bank accounts, and licenses for regulated activities, and also allows taxes to be optimised. Companies can maintain their portfolio, credit ratings, rights, and obligations towards counterparties. There is already a precedent for redomiciliation to the AIFC of the NC KazMunayGaz subsidiary, Kazakhstan Energy Reinsurance Company (KEREC) Ltd. from the jurisdiction of Bermuda.</p> <p>AIFC rules can accept any applicant company from jurisdictions that allow redomiciling according to the legislation of the country of origin. Nevertheless, in cases when the origin country's current jurisdiction does not consider a direct transfer under its legislation, other mechanisms, such as two-step transfer or Merger and Acquisition (M&A), can be offered.</p> <p>In addition, given the tightening of offshore regulation currently taking place, investors may prefer regulated onshore jurisdictions, a desire for tax certainty, or need to ensure that firms are structured and located such that they can maximise opportunities for attracting new investors.</p>

THE AIFC OPENS UP OPPORTUNITIES FOR INTEGRATING THE LOCAL MARKET WITH GLOBAL CAPITAL MARKETS THROUGH THE INTRODUCTION OF NEW INVESTMENT PRODUCTS AND SERVICES, SUCH AS **ISLAMIC FINANCE, GREEN INVESTMENTS, AND NEW FINANCIAL TECHNOLOGIES.**

AIFC FinTech Ecosystem

Financial technology (FinTech) is posing challenges for the existing financial sector in Kazakhstan and the rest of the world. And the current crisis related to the COVID-19 pandemic has demonstrated the need for more flexible and sustainable development models and tools.

Fintech is particularly important for Kazakhstan and Central Asia because the potential benefits are linked to the goals and strategy of the region. Innovation and basic technologies contribute to solving existing problems, such as a poorly diversified economy, a relatively large population with lack of access to financial services, and an insufficient level of financing for SMEs from traditional financial institutions.

The AIFC is keen to respond to global challenges and trends and identifies fintech as being an important strategic area within the AIFC's sustainable development. And international experience suggests that fintech solutions and entire innovation ecosystems are more effective than traditional tools.

The AIFC takes a holistic approach to developing a fintech ecosystem, supporting start-ups, creating attractive conditions for existing enterprises to enter the regional market, attracting investments, and providing a unique regulatory and regulatory framework. The AIFC ecosystem is the most suitable environment in the region to accelerate the development of financial technologies. The jurisdiction, regulation, financial, and physical infrastructure of the AIFC, which is being built according to the best international standards, should make the AIFC a regional centre for financial technologies.

The following AIFC Bodies are responsible for the strategic development of the fintech ecosystem:

01. The **AFSA** strives to foster financial innovation within the AIFC and the wider region, and seeks to establish a favourable regulatory environment for fintech enterprises through the FinTech Lab, which is designed to test innovative financial products and services in a controlled environment.

02. The **FinTech Hub** develops the financial technology ecosystem within Kazakhstan.

MAIN HIGHLIGHTS IN 2020

01. **USD 3 mln** in investment attracted by start-up members of the FinTech Hub.
02. **12 new** companies admitted to the FinTech Lab (a total of 34 were admitted from industries such as crowdfunding, payment services, and digital assets.)
03. **14 start-ups** entered into transactions at the AIFC site by signing convertible loan agreements and through the private placement and acquisition of shares in start-ups.
04. **130+ start-ups** from all over Central Asia were supported. For these, as well as foreign partners, favourable conditions were created to develop and scale business models. 21 start-ups were presented at international venues, and one was a winner at a competition held at the FinTech forum in Abu Dhabi.
05. **70 start-ups** are the members of FinTech Hub platform for developing start-ups in Central Asia and other regions.
06. **10 research and analytical reports** issued by the FinTech Innovation Competence Centre.
07. Several amendments with the aim at harmonising the regulation of the AIFC and Kazakhstan in the field of digital assets were approved.
08. Regular educational programmes for start-ups, including webinars, fintech courses, workshops, and master classes organised (for details see the Sustainability section of the report).

AIFC Regulatory Sandbox

With a view to supporting the introduction of innovation in the financial market, in January 2018 the AFSA launched the first regulatory sandbox¹³ in the region, called FinTech Lab, which allows firms to test out and develop innovative financial products and services under a special regulatory framework, with tailor-made regulatory requirements applicable for each firm. FinTech Lab participant firms can also get individual guidance from the regulator about how the AIFC rules for fintech firms apply to new business models and innovative financial services¹⁴. Three years of effective functioning has demonstrated that FinTech Lab is a highly popular destination for financial innovators from all over the world.

By the end of 2020,

34

firms in total had been accepted by FinTech Lab, from 11 jurisdictions offering 7 different types of innovative financial services

AIFC FinTech Hub

CENTER FOR THE FOURTH INDUSTRIAL REVOLUTION (WEF) AND GOVERNMENT RELATIONS

- Support for government programs and initiatives
- Partner Center of the Fourth Industrial Revolution (WEF)

ECOSYSTEM PROJECTS

- BI Crowdfunding
- Consulting

VENTURE CAPITAL

- Startup Exchange (Venture Rocket Eurasia)
- VC manual
- VC School and Community

CORPORATE INNOVATION

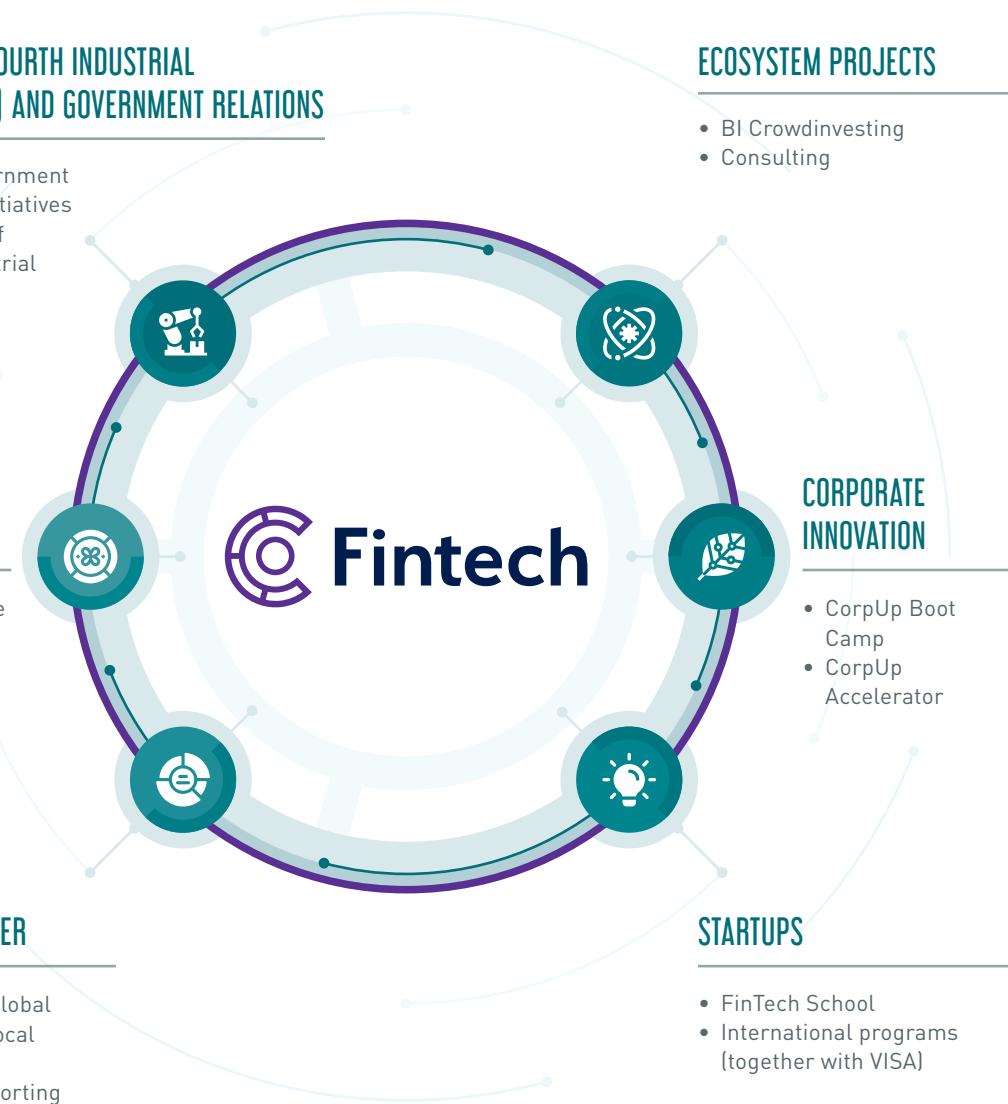
- CorpUp Boot Camp
- CorpUp Accelerator

COMPETENCE CENTER

- A think tank for global experience and local understanding
- Analytics and reporting

STARTUPS

- FinTech School
- International programs (together with VISA)



The FinTech Hub of the AIFC creates favourable conditions and a high-quality infrastructure to facilitate the development of the financial technology market. The Hub creates an integrated ecosystem and embraces the following five strategic areas: support for start-ups, assistance in attracting investment, talent development, implementation of fintech solutions in corporations,

and the FinTech Innovation Competence Centre (set up in 2020). The Centre is a think tank that collects and analyses advanced digital technologies around the world for implementation in Kazakhstan, with further dissemination in Central Asia.



PARTNERSHIPS

The AIFC is continuously working on expanding its presence in the global arena. As of the end of 2020, there were more than 50 partnerships worldwide in various areas of fintech. The AIFC is a patron member of the Global Blockchain Business Council (GBBC), the leading industry association for the blockchain technology ecosystem, which brings together innovative organisations and thought-leaders from over 50 countries to advance the understanding of blockchain technology among global regulators and business leaders.

Bitfury Group, one of the top-50 most innovative fintech companies according to Forbes, is a participant in the AIFC. The company has already opened data centres in Kazakhstan.

AIFC GREEN FINANCE CENTRE

AIFC Green Finance Centre Ltd. (hereinafter — GFC) was established in June 2018 within the structure of the AIFC Authority, and in December 2019 it began operating as a separate legal entity, as an AIFC subsidiary. In July 2020, the Eurasian Development Bank became a second shareholder of the GFC. The main goal of the GFC is to introduce and develop sustainable finance instruments and attract investment into environmental and social projects in Kazakhstan and Central Asia.

The main activities of the GFC comprise:

- Introducing green and social financing instruments.
- Creating favourable conditions for green finance/investment.
- Capacity building in green finance and sustainable growth.
- Encouraging and supporting green finance market participants.
- Greenmarket development (products, finance, knowledge).

The GFC is licensed to provide services in the field of green finance, sustainable development, as well as the support, research, and monitoring of projects in the field of green finance, agency, and legal services.

Due to immaturity of the market, the GFC operates as a development institution in Central Asia and provides full support to market participants, including potential bond issuers, investors, and professional services providers.

A year ago, the GFC launched the **Programme on Reimbursing the External Review Costs of Green Bond issuers**, which will be valid until the end of 2021. Also, the GFC assists in reducing issuers' expenses on financial and legal consultants within the framework of signed agreements and strong cooperation.

Building capacity for both potential issuers and investors is another objective of the GFC. The GFC is a think tank and policymaker in Kazakhstan and the region vis-à-vis developing green finance and drafting appropriate regulations and frameworks. It provides strategic and business consulting for government bodies, government-backed entities, national companies, large industries and SMEs.

Outlook for 2021 and the midterm

To further develop the fintech ecosystem, the following will be developed and adopted by the AIFC:

01. AIFC FinTech Hub to become the leading hub in the region.
02. The jurisdiction of the AIFC to rank first in structuring transactions and attracting venture capital investments.
03. The AIFC to become the leading centre for competence, research and development / innovation in the region.
04. Guidelines for testing the vulnerabilities of the systems of FinTech Lab participants.
05. Inspection guide for FinTech Lab participants.
06. Automation of supervision procedures and post-license applications.



Main highlights in 2020

<p>01. Elaborating the Instruction on the Issuance of Green Bonds and a methodology for preparing an independent assessment to confirm the compliance of green bonds with key elements of the Green Bond Principles.</p>	<p>07. Unifying the conceptual framework at a legislative level in the field of green finance; definitions of green financing, green projects, green bonds, green loans, and green taxonomy were set forth in the new Environmental Code of the Republic of Kazakhstan.</p>
<p>02. Elaborating the Rules for Reimbursing the Expenses of Green Bond Issuers for External Review.</p>	<p>08. Elaborating a mechanism for subsidising coupon rates for green bonds and interest rates for green loans through “Business Roadmap 2025” State Program for Entrepreneurs Support.</p>
<p>03. Preparing the first independent external review on the issuer’s Green Bond Framework.</p>	<p>09. An agreement was reached with the Eurasian Economic Union on the creation and localisation of Eurasian Economic Union institutions at the AIFC site.</p>
<p>04. Issuing the first green bond on AIX by the Damu Entrepreneurship Development Fund to finance small-scale renewable energy projects. The GFC provided full support on the issuance, which included a range of advisory services and preparing an external review of the issuer, as well as working with the financial advisor, regulator, and AIX.</p>	<p>10. With expert support from the GFC, the Eurasian Development Bank financed green projects in renewable energy for over USD 147 mln, and launched a green economy financing programme (USD 545 mln), with a further increase in the portfolio in the bank’s countries of operation — Kazakhstan, Russia, Armenia, Belarus, Kyrgyzstan and Tajikistan — and also placed USD 100 mln in debut bonds on the AIX.</p>
<p>05. 28 contracts, memorandums of understanding and cooperation, and agreements were concluded.</p>	<p>11. As part of developing the green bond market, the ADB also issued green bonds on the Kazakhstan Stock Exchange in the fourth quarter of 2020.</p>
<p>06. Together with Novosibirsk State University, the Eurasian Development Bank, and the FinTech Hub, a project was launched to create an Environmental Operator for the city of Almaty, which was included in the five best investment projects in the city of Almaty.</p>	<p>12. Developing Green Taxonomy of Kazakhstan.</p>

Services provided by GFC

The GFC provides commercial services to support the development of the market, and it has also initiated sustainable bond verification services.



Green Technology Hub

Green Technology Hub Ltd. is a subsidiary of the GFC and an AIFC participant, whose goal is to create a platform for innovative start-ups and to facilitate the relocation from Belarus, Russia, Ukraine, and Baltic countries to Kazakhstan the most promising teams of IT managers and developers for the local and international market, who are implementing projects at the pre-seed / seed stage *(for details see the Sustainability section hereto)*.

BUSINESS CLUB

A low threshold for entering the business club coupled with an opportunity to invest in a rapidly growing business accelerator will bring together 100+ businessmen and business angels from all over the world.

GTH KAZAKHSTAN

All projects are entering a stage of active preparation with a view to attracting investment and introducing their products to the market.

GREENTECH ACCELERATOR FOR EAEU MEMBER STATES

The representative office of Green Technology Hub in Belarus selects start-ups, comprehensively “pumps” selected projects, and prepares them for relocation to Kazakhstan.

START-UP CONFERENCE

An international B2B contact conference is held once a year with the aim of popularising AIFC Green Technology Hub, attracting new projects and business club members, and showcasing the economic opportunities offered by Kazakhstan.



AIFC Green Finance Centre Partnership



INTERNATIONAL RECOGNITION AND POSITIONING

AIFC in global Initiatives on Green Finance

- International Network of Financial Centres for Sustainability (FC4S).
- The Green Finance Committee of Asian Financial Cooperation Association.
- The Green Business Working Group of the ESCAP Sustainable business network.
- The Global Green Finance Index (GGFI).

The GFC is a member of working groups that are elaborating:

- The New Environmental Code of Kazakhstan.
- The Low Carbon Development Strategy of the Republic of Kazakhstan until 2050.
- The Low Carbon Development Strategy for the city of Nur-Sultan (for details see the Sustainability section hereto).

GFC ranked

57TH

globally and 1st in Central Asia and Eastern Europe according to the Global Green Finance Index¹⁵

Outlook for 2021 and the midterm

To further develop the GFC, the following steps will be taken by the AIFC:

01. Launching a flow of foreign investments into environmental projects in Kazakhstan and the region through the AIX.
02. Further improvements to the regulatory framework and introducing legislative standards.
03. Introducing new green finance instruments and social bonds for regional needs.
04. Increasing the pool of experts in green finance.
05. Enhancing the competitiveness of Kazakhstan in the area of sustainable growth and green finance in the GGFI.
06. Further supporting developments in innovative ecosystems, green finance, and GreenTech.
07. Further creating a favourable environment and increasing the number of high-quality people.
08. Becoming a green finance hub in the region.

AIFC ISLAMIC FINANCE AND BUSINESS HUB

The AIFC has created all the necessary conditions for operations of Islamic financial institutions in both the retail and corporate sectors. Supported by international organisations¹⁶, a favourable and enabling legal and regulatory framework has been formed in accordance with the best international Islamic financial practices and standards. Thus, Islamic banks, Islamic financial companies, Islamic asset management companies, Islamic brokerage dealer companies, Islamic insurance and reinsurance companies (takaful and retakaful) can all become AIFC participants.

The Master Plan (Roadmap) for the development of Islamic finance in Kazakhstan until 2025 was prepared under the technical assistance (grant) from the Islamic Development Bank (IsDB), and comprises recommendations on the development of various sectors of the industry, including Islamic banking, Islamic capital market, takaful and retakaful, Islamic non-banking, Islamic social finance, Islamic FinTech, and halal sector¹⁷.

The AIFC Central Shari'ah Advisory Board supports the AIFC's jurisdiction in maintaining high international standards in regulatory and business ecosystems. The Board includes top notch and highly reputable international Shari'ah scholars.

To attract companies to the AIFC, the minimum requirements for the Islamic financial institutions' authorised capital have been reduced until November 2023, and a Joint Order between the Ministry of Finance, the Ministry of the National Economy, and the AIFC has been signed on exempting licensed financial service providers from corporate income tax and VAT, including Islamic banking institutions, Islamic non-banking institutions, and takaful and retakaful companies.

Within the AIFC Islamic finance ecosystem there are around 40 registered companies, from countries such as the UK, Switzerland, the US, Malaysia, Bahrain, Qatar, Egypt, Russia, Kazakhstan and others.

Strategic objectives and pillars

2020 Islamic Finance Master Plan
The Master Plan has been prepared by the IsDB consultant for the Republic of Kazakhstan as a blueprint for the development of Islamic Finance.

Joint Order on tax exemptions from corporate income tax and value-added tax

Provides tax exemptions for Islamic Banking, non-banking and takaful institutions.

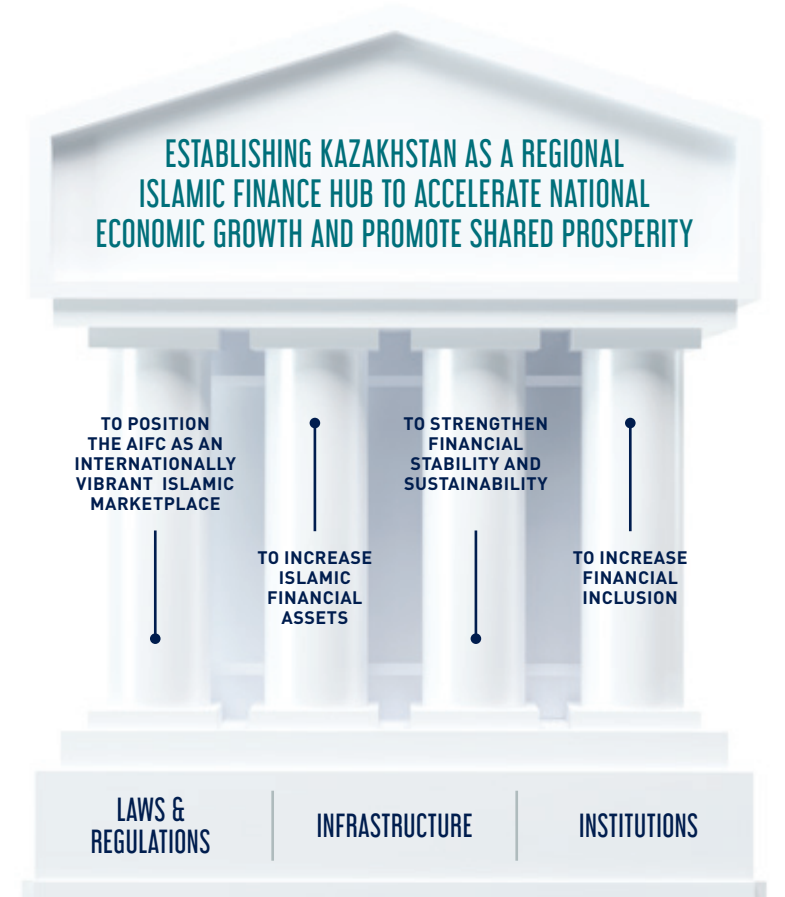
2019 Takaful and Retakaful Prudential Rules
Defines regulatory requirements for Takaful and Retakaful businesses.

2018 Islamic Financial Business Handbook
Provides detailed guidance in respect to various regulatory requirements and eligibility criteria.

2017 Islamic Finance Rules
Defines regulatory regime for Islamic Finance.

Islamic Banking Business Prudential Rules

Defines regulatory requirements for Islamic institutions.



International recognition and positioning

Kazakhstan was ranked

Nº 1

in the field of Islamic finance among CIS countries in the Thomson Reuters and Dinar Standard Report 2017

Kazakhstan was ranked

Nº 14

in the Islamic Finance Country Index of the Global Islamic Finance Report 2020

Kazakhstan was ranked

Nº 27

in the Global Islamic Fintech Ranking of the Global Islamic FinTech Report 2021

MAIN HIGHLIGHTS IN 2020

01.

The Islamic securities (Sukuk) of the IsDB and the Qatar International Islamic Bank (QIIB) were included in the official list of the AIX:

			
Sustainable Sukuk	Green Sukuk	Sukuk	Sukuk
\$1.5 bn	€1 bn	\$2 bn	\$500 mln

02.

In February 2020 Islamic bank Al Rayan Bank, a subsidiary of Al Rayan Investment (Qatar), registered in the AIFC.

03.

In December 2020 the Islamic bank Al Saqr Islamic Bank (Kazakhstan) registered in the AIFC and became licensed in March 2021.

04.

During the AIFC Islamic Finance Conference within the Astana Finance Days in July 2020, local and international leading experts discussed the current situation of the development of Islamic finance, the benefits of using digital platforms and fintech solutions, and development of human capital. The Conference was attended by over 1800 participants. Together with local and international partners, in 2020 the AIFC organised events, seminars and workshops on Islamic finance to raise awareness and highlight the importance of the development of the industry and its benefits.

TYPES OF ISLAMIC FINANCIAL AND NON-FINANCIAL COMPANIES IN AIFC

Branches, representative offices, and Islamic “windows” (in the form of branches) of foreign Islamic financial institutions

Consulting and legal service providers offering services in the field of Islamic finance

Islamic banking institutions

Islamic non-banking companies

Islamic brokers, dealers, and asset management companies

Takaful and retakaful operators (Islamic insurance and reinsurance)



Plans for 2021

- Attraction and localisation of companies providing services in the field of Islamic finance. In early 2021, a Memorandum of Understanding was signed between the AIFC and partners from UAE aimed at cooperation in establishment of a full-fledged digital Islamic bank at the AIFC.
- Corporate Sukuk issuance on AIX.
- Organisation of the Science, Technology and Innovation Summit of the IsDB Fund initiated at the OIC Summit 2017 by the First President of the Republic of Kazakhstan — Elbasy, Nursultan Nazarbayev.
- Development programme in 3 languages (English, Russian, Arabic) for state bodies and the industry’s key participants within the Islamic Finance for Inclusive Growth Project under the technical assistance of the ADB.
- Establishment of an educational Center for Islamic Economics on the basis of Eurasian National University in cooperation with partners from Qatar.



05.

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE FRAMEWORK

The AIFC recognises that good corporate governance practices are critical to long-term success. To follow best practices in corporate governance, the AIFC has implemented a range of measures to improve its corporate governance system. In 2020, the AIFC adopted the AIFC Ethics Code and principles for corporate governance for AIFC Bodies and their organisations.

The main focus of the AIFC corporate governance framework is scaling sound corporate governance beyond the AIFC, based on a philosophy of 'incubate and branch out' with a view to making best-in-class international standards and corporate practices the norm in Kazakhstan. To achieve this, developing corporate governance principles and extending those principles to the organisations, subsidiaries, tenants, and participants of the AIFC is a key activity within the corporate governance agenda.

AIFC CORPORATE GOVERNANCE PRINCIPLES

The AIFC's corporate governance principles consist of 13 high-level principles that are intended to contribute to sustainable long-term business growth, while reflecting the principal tenets of corporate governance.

- 01. Companies should be led by a board that promotes the long-term success of the company, generating value for its shareholders, acting responsibly towards key stakeholders, and, in the case of companies operating in Kazakhstan, also contributing to the country's economic development.
- 02. Companies should have an effective board which is collectively accountable for ensuring that the company is managed prudently and effectively.

- 03. The board should establish the company's mission, purpose, values and strategy, and satisfy itself that these and its culture are aligned.
- 04. The board should set, and its members should comply with, high standards of ethical behaviour, and hold management accountable for delivering these standards throughout the organisation.
- 05. The board should ensure that there is a clear division of responsibilities between the non-executive directors and executive management, and that no individual has unfettered powers of decision-making.
- 06. Boards should be large enough to accommodate all necessary skills and competences, but still be small enough to promote cohesion, flexibility and effective participation. "The optimum size for a board is within the range of 8-12 people. When boards are composed of more than 12 people a number of psychological phenomena, namely, span of attention, the ability to deal with complexity, the ability to maintain effective interpersonal relationships and motivation are compromised"¹⁸.
- 07. The board, and its committees, should have an appropriate balance of skills, experience, independence and knowledge of the company's business, and adequate resources, including access to expertise as required and timely and comprehensive information relating to the affairs of the company.
- 08. The board should ensure that the company's financial and other reports present an accurate, balanced¹⁹ and understandable assessment of the company's financial position and prospects by ensuring that there are effective internal risk control and reporting requirements.
- 09. The board should be responsible for setting the risk appetite of the company. Risk appetite refers to the amount of risk that a board is willing to take on in order to achieve its strategic objectives.
- 10. The board should ensure that the company has a risk management, internal control and compliance framework which is effective, well-defined and well-integrated.
- 11. The board should ensure that there is a formal and rigorous annual performance evaluation of the board, its committees and individual directors. Annual evaluation of the board should include composition, diversity and effectiveness. Individual director evaluation should determine whether directors are contributing effectively to the work of the board and its committees.
- 12. The board should have a formal and transparent procedure for developing policies on director and executive remuneration. No director should be involved in deciding his or her own remuneration.
- 13. The board should ensure that the remuneration policies and practices are designed to support strategy and are aligned with the long-term interests of the company.



CORPORATE GOVERNANCE STRUCTURE

AIFC MANAGEMENT COUNCIL

AIFC GOVERNOR

Authority

AFSA

Court

IAC

AIFC ORGANISATIONS



Business Connect

Fintech

Expat Centre

BCPD

GFC

AIFC MANAGEMENT COUNCIL

The AIFC Management Council is a permanent collegial body chaired by the President of Republic of Kazakhstan and is the highest governing body of the AIFC. The Council determines strategic directions for the AIFC and fosters the development of favourable conditions for establishing the AIFC as a leading international financial centre. The Council is authorised to adopt AIFC Acts, determine the structure of AIFC Bodies, the composition of the AIFC Court, the basis for the establishment of the IAC, and approve annual reports on the activities of the AIFC.

AIFC Management Council members

Nursultan Nazarbayev

HONORARY CHAIRMAN

The First President of the Republic of Kazakhstan — Elbasy

Kassym-Jomart Tokayev

CHAIRMAN

President of the Republic of Kazakhstan

Askar Mamin

DEPUTY CHAIRMAN

Prime Minister of the Republic of Kazakhstan

Sir Suma Chakrabarti

DEPUTY CHAIRMAN

Adviser to the President of the Republic of Kazakhstan on economic development and effective governance, Deputy Chairman of Supreme Presidential Council for Reforms, Former President of the EBRD

Yerulan Zhamaubaev

Minister of Finance of the Republic of Kazakhstan

Aset Irgaliyev

Minister of the National Economy of the Republic of Kazakhstan

Erbolat Dossaev

Governor of the National Bank of Kazakhstan

Kairat Kelimbetov

AIFC Governor

Dr. Jacob Frenkel

Chairman of the Board of Trustees, Group of Thirty (G30), Former Chairman of J.P. Morgan Chase International



Dr. Bandar M. H. Hajjar

President of the Islamic Development Bank Group

Julie Monaco

Managing Director, Global Head, Public Sector Banking, Capital Markets and Advisory Division, Citi

Herman Gref

CEO and Chairman of the Executive Board of the Sberbank of Russia

Arkady Volozh

Co-founder and CEO of Yandex

Leadership – AIFC Bodies and their organisations, and advisory councils

Kairat Kelimbetov

GOVERNOR

AIFC

Yernur Rysmagambetov

CEO

AIFC Authority

The Rt. Hon. the Lord Mance

CHIEF JUSTICE

AIFC Court

Barbara Dohmann, QC

CHAIRMAN

International Arbitration Centre (IAC)

Christopher Campbell-Holt

REGISTRAR AND CHIEF EXECUTIVE

AIFC Court and IAC

Prof. Alexander Van de Putte

CHAIRMAN

Corporate Governance and Stewardship & AIFC Chief Strategy Officer

Marc Holtzman

CHAIRMAN OF THE BOARD OF DIRECTORS

Astana Financial Services Authority (AFSA)

Mukhtar Bubeyev

CEO

Astana Financial Services Authority (AFSA)

Timothy Bennett

CHAIRMAN OF THE BOARD OF DIRECTORS

Astana International Exchange (AIX)

Renat Bekturov

CEO

Astana International Exchange (AIX)

Zhaslan Madiyev

CHAIRMAN OF THE BOARD OF DIRECTORS

AIFC Business Connect

James Martin

CO-CHAIRMAN OF THE BOARD OF DIRECTORS, CHIEF INVESTMENT OFFICER

AIFC Business Connect

Temirlan Mukhanbetzhanov

CEO

AIFC Business Connect

Kairat Aitekenov

CHAIRMAN OF THE BOARD OF DIRECTORS

AIFC Green Finance Centre

Aidar Kazybayev

CEO

AIFC Green Finance Centre

Sean Kidney

CHAIR

AIFC Advisory Council on Green Finance

Kairat Kaliyev

CHAIRMAN OF THE BOARD OF DIRECTORS

AIFC FinTech Hub

Pavel Koktyshhev

CEO

AIFC FinTech Hub

Ainur Zhumatova

HEAD

AIFC Expat Centre



<p>David Gallo</p> <p>MEMBER OF THE BOARD OF DIRECTORS</p> <p>AIFC Bureau for Continuing Professional Development</p>	<p>Elmira Obry</p> <p>ACTING CEO</p> <p>AIFC Bureau for Continuing Professional Development</p>	<p>Datuk Dr. Mohd Daud Bakar</p> <p>CHAIRMAN</p> <p>AIFC Central Shari'ah Advisory Board</p>
<p>Michael Blair, QC</p> <p>CHAIR</p> <p>AIFC Legal Advisory Council</p>	<p>Chris Kenny</p> <p>CHAIR</p> <p>AIFC Advisory Panel on Legal Regulatory Matters</p>	<p>Mark Beer, OBE</p> <p>CHAIR</p> <p>AIFC Advisory Council on the Development of LegalTech</p>

Scaling sound corporate governance at the AIFC

As part of adopting best global practices in investor stewardship and strengthening sustainable development, the AIFC, in partnership with TheCityUK, has prepared a report on proposals to elaborate a Kazakh Stewardship Code²⁰ to assist in the successful promotion of the AIFC on global markets. This commitment of the AIFC to the principles of sound stewardship has enhanced its ability to attract global investors and companies.

To comply with international best practices and corporate governance standards, the AIFC began to develop its own corporate governance principles in July 2019. The AIFC developed the AIFC Corporate Governance Principles (Principles), in partnership with TheCityUK and funded by the UK government. Prof. Alexander Van de Putte led the development of the Principles and the team was advised by Simon Osborne FCG, former CEO of the Chartered Governance Institute. As a result of this joint effort between

international and AIFC working group members, the Principles and its Guidance document were finalised in March 2021. The Principles are voluntary and designed to enhance the capabilities and mindsets of boards (and individual directors) and contribute to the sustainable long-term success of companies. The AIFC Governor and the AIFC Management Council have approved the Principles for adoption by the AIFC Authority and its 100%-owned subsidiaries.

At the end of 2020, the AIFC Corporate Governance Institute (ACGI) was created at the BCPD. The ACGI is tasked with promoting and maintaining the Principles, and also offers trainings to the AIFC community, other quasi-government entities, and private businesses in Kazakhstan. A working group under the ACGI has begun working with boards of the AIFC Authority through their company secretaries to determine the applicability of the Principles to their specific circumstances. This effort is expected to be completed by July 2021.

The BCPD has become an official training partner of the Chartered Governance Institute (CGI) to offer the CGI Qualifying Programme, which leads to the Chartered Governance Professional qualification and CGI Fellowship. In 2021, two CGI Qualifying Programme modules will be offered to eligible legal practitioners and chartered accountants in Kazakhstan and the Central Asia. The BCPD has publicly offered five full-day training programmes and additional training programmes are scheduled for 2021, including a Certificate in Corporate Governance (in partnership with the AIFC Academy of Law).

FURTHER STEPS IN SCALING CORPORATE GOVERNANCE

01. Scale sound corporate governance beyond the AIFC, based on a philosophy of 'incubate and branch out' with the objective that best-in-class international standards and corporate practices become the norm in Kazakhstan.
02. Dramatically scale corporate governance training through the BCPD, including preparation for the aforesaid CGI Qualifying Programme, a corporate governance certification programme, and a specialised company secretaries certification programme.
03. Create a company secretaries forum at the BCPD to promote the profession and support board effectiveness by monitoring that board policy and procedures are followed.
04. Organise quarterly conferences on current issues of corporate governance that are relevant to the AIFC and companies based in Kazakhstan.
05. Promote the AIFC's work on corporate governance at international conferences to help enhance AIFC's reputation and brand recognition.
06. Prepare a chapter on sound corporate governance at the AIFC and Kazakhstan for a book to be published by The Governance Forum (UK) in July 2021.
07. Publish a book on scaling sound corporate governance at the AIFC later this year. This book is based on the work of the AIFC working group and will be co-authored by the AIFC Governor Kairat Kelimbetov, Professor Van de Putte, and Board Evaluation expert Simon Osborne.

RISK MANAGEMENT AND INTERNAL AUDIT

RISK MANAGEMENT

The AIFC appreciates the importance of having a robust risk management practice in place. AIFC Authority, which is responsible for risk management, has established a solid risk management framework²¹ and approved appropriate internal documents governing the risk management process under the internationally accepted standards COSO Enterprise Risk Management and

ISO 31000: 2018 Risk Management. Responsibility for the governance of effective risk management rests with the board of directors of each AIFC organisation. Boards are responsible for ensuring that the organisation has a risk management, internal control, and compliance framework that is effective, well defined, and well-integrated, and establishes the risk appetite²² level of the company.

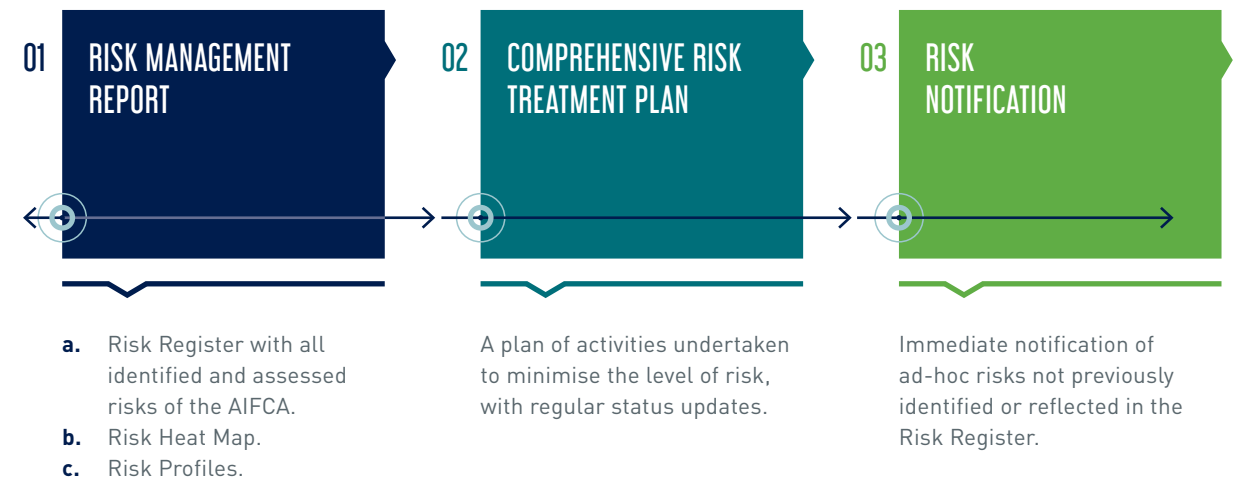
Risk management framework

THE AIFC IS GUIDED BY THE FOLLOWING INTERNAL DOCUMENTS WHEN GOVERNING RISK MANAGEMENT:

01
The Risk Management Policy (Policy), which determines the principles of risk management, describes elements of the risk management framework, and defines the role and responsibilities of stakeholders.

02
Risk Management Procedures (Procedures), which describe the risk management process and define the key instruments used in the risk management process.

MAIN DELIVERABLES OF AIFC RISK MANAGEMENT FRAMEWORK



INTERNAL AUDIT PROCESS

The Internal Audit Service (IAS) reports to the Audit and Risk Committee of the AIFC's administrative body, and is accountable to the Board of Directors. The activities of the IAS are governed by Kazakh legislation, the AIFC Authority's internal documents, and the International Standards for the Professional Practice of Internal Auditing ('the Standards').

The IAS focuses on providing the Audit and Risk Committee with independent and accurate information to ensure the effective management of the AIFC, its subsidiaries, and associates by applying a systematic approach towards improving risk management, internal controls, and corporate governance processes.

To discharge its activities in accordance with the annual audit plan, the IAS performs the following tasks:

- Assessment of the reliability and effectiveness of applicable internal controls and risk management.
- Evaluation of resource employment effectiveness and efficiency.
- Evaluation of the consistency of operations and programme results with established objectives, goals, and plans.
- Monitoring and evaluations of the effectiveness of the AIFC's risk management processes.

- Consulting and advisory services related to governance, risk management, and controls, as appropriate for the AIFC.

The IAS uses audit results to make recommendations to improve the AIFC's operations. The IAS consistently monitors and oversees the development and execution of measures to implement its recommendations. In line with the Standards and to ensure an appropriate quality of internal audits, the IAS has in place a framework for the continuous professional development of auditors. This means that auditors hold international certificates and diplomas, such as the Association of Chartered Certified Accountants.



ETHICAL CULTURE

BUSINESS ETHICS

The AIFC is committed to the highest standards and principles of business ethics, as outlined in the AIFC Ethics Code²³ (the Code). The Code was elaborated based on international standards and best practices. The UK Institute of Business Ethics has been identified as a reputable source of ethics-related advice and has endorsed the Code.

The Code embodies the AIFC's commitment to conduct business in accordance with the highest ethical standards, and serves as a primary source for ethical decision-making. The Code is structured around the relations of the AIFC: with its stakeholders, the marketplace, the wider community, and internally. In each of these areas the Code outlines the values and business principles to which the AIFC adheres. The Code also addresses such important issues as confidentiality, conflicts of interest, anti-bribery and anti-corruption, social media use, and responsible communication.

The AIFC Ethics Code applies to:

- AIFC Bodies, except the AIFC Management Council, the Chief Justice, judges, and Registrar of the AIFC Court, and the Chairman, arbitrators, and Registrar of the International Arbitration Centre;
- AIFC organisations, apart from AIX, which has updated its Code of Conduct to reflect the AIFC Ethics Code.

Core AIFC values and business principles

The core values of the AIFC serve as the basis for practicing sound decision-making, both at work and outside the AIFC, so as not to bring the AIFC into disrepute. The core values and principles established and followed at the AIFC are:

ACCOUNTABILITY

- Accepting ownership of our decisions and their consequences, and taking responsibility for our commitments, actions, and results.

INTEGRITY

- As individuals, our personal integrity means that others can trust us and know that we are honest, fair, and forthright. We are committed to making unbiased decisions that serve our business needs as well as the interests of everyone with whom we do business.

FOCUS ON THE FUTURE

- We plan for our future and always think one step ahead.

COLLABORATION

- Sound teamwork and effective and efficient vertical and horizontal communications within the AIFC Community.

Ethics Programme

The AIFC has launched its Ethics Programme, with the following main objectives:

- Building trust with stakeholders: clear adherence to ethical principles and ethical behaviours will help to build trust with all stakeholders, including investors, AIFC participants, employees, and the wider community.
- Increasing employee satisfaction: embedding ethical behaviours within the AIFC ecosystem will contribute to making it a better employer and to attracting and retaining talented people.
- Increasing customer satisfaction: ethical principles will guide employees on how to behave in contentious situations and how to deal with customers, that is, companies registered in the AIFC and benefitting from the AIFC ecosystem, as well as individuals using the services of the AIFC ecosystem.
- Setting a benchmark for the market: being guided by best practices with regard to ethics, AIFC Bodies and their organisations can serve as a benchmark for companies registered in the AIFC and, in a wider context, companies working in Kazakhstan.

DURING 2020 THE EXECUTION OF THE ETHICS PROGRAMME RESULTED IN:

01.	The elaboration of the AIFC Ethics Code and its approval by the AIFC Governor.	05.	The elaboration of the Guidelines on ethical decision-making.
02.	The adoption of the AIFC Ethics Code by AIFC Bodies and their organisations.	06.	The elaboration of the Guidelines on raising concerns.
03.	The appointment of AIFC Ethics Team members (the Ethics Officer and Ethics Ambassadors), who promote an ethical culture in AIFC, advice and guidance, at a policy level, on ethics issues faced both internally and externally by AIFC Bodies and their organisations.	07.	The elaboration of the Guidelines on processing reports (investigation protocol).
04.	The elaboration of the AIFC Ethics Team Charter and its approval by the AIFC Governor.	08.	The establishment of reporting channels, including anonymous (in-person, e-mail, MS forms, hotline) ones.
		09.	Raising awareness and communication surrounding the Ethics Programme by providing training sessions to the Ethics team and AIFC staff.



06.

AIFC — ON THE PATH TO ACHIEVING SUSTAINABLE GROWTH





SUPPORTING SUSTAINABLE ECONOMIC GROWTH

The AIFC’s mission is to contribute to the sustainable economic development of Kazakhstan and the region by fostering innovative financial products and services.

With ‘sustainable economic development’ we mean balancing and growing all five capital stocks — natural capital, manufactured capital, human capital, social capital, and financial capital.

The AIFC will contribute to sustainable economic development by creating an attractive environment for investment in the financial services sphere, developing a securities market and integrating it with international capital markets, developing financial and professional services based on international best practices, achieving international recognition as a financial centre.

Following its mission to contribute to the sustainable economic development of Kazakhstan and the region, the AIFC has used this as the backdrop to envision its strategic directions as follows:

01. LEVERAGE THE CIRCULAR ECONOMY

02. INVEST IN PHYSICAL AND ESPECIALLY DIGITAL INFRASTRUCTURE

03. LEAPFROG INTO THE FUTURE BY LEVERAGING THE FOURTH INDUSTRIAL REVOLUTION (4IR)

The AIFC aligns its mission and strategic directions with national priorities and the UN’s global sustainable development goals, and does its utmost to integrate responsible and sustainability principles into its performance.

THE AIFC’S CONTRIBUTION TO ATTAINING UN SUSTAINABLE DEVELOPMENT GOALS

AIFC STRATEGIC DIRECTION	SELECTED SDGS	RELEVANT TARGETS	KEY INITIATIVES AND PROJECTS
Leverage the circular economy	SDG 7 AFFORDABLE AND CLEAN ENERGY 	7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support	<ul style="list-style-type: none"> Development of green infrastructure by introduction of economic incentives for green projects. Low carbon strategy development of the city of Nur-Sultan through: <ul style="list-style-type: none"> Optimisation of energy efficiency to reduce energy demand Electrification of fossil fuel engines, furnaces, etc. Decarbonisation of energy supply to eliminate the use of fossil fuels.
		7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	<ul style="list-style-type: none"> The creation of the regional hub of green finance based at the AIFC through: <ul style="list-style-type: none"> Establishment of the green finance hub based at the AIFC. Creation of the market for green financial instruments. Development of competencies in the sphere of green economy. AIFC image improvement as a hub of green finance at the regional and world level.
	SDG 11 SUSTAINABLE CITIES AND COMMUNITIES 	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	<ul style="list-style-type: none"> Creation of environmental operator for monitoring and managing the environment in Almaty, together with the Eurasian Development Bank, AIFC Green Finance Center and Novosibirsk National Research State University in 2025.
	SDG 17 PARTNERSHIPS FOR THE GOALS 	17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries	<ul style="list-style-type: none"> Interaction with professional community of legislative and executive authorities, civil society institutions, local communities, and business communities to build the capacity, and promote green growth and sustainable development. Cooperation with international partners (Sberbank, KPMG, VISA, the Climate Bonds Initiative, the Beijing Institute of Finance and Sustainability, the International Network of Financial Centres for Sustainability, the United Nations Environment Program) in order to share experience and for the AIFC to comply with best sustainable development practices and principles. Publication of non-financial reporting in accordance with GRI Standards. AIFC Green Finance Centre will be playing an important role in promotion of Green Investment Principles among financial institutions of Central Asia, delivering capacity building events through the GFLP platform, assisting the development of green projects database, and scaling up sustainable finance in the region.

AIFC STRATEGIC DIRECTION	SELECTED SDGS	RELEVANT TARGETS	KEY INITIATIVES AND PROJECTS
Invest in physical and especially digital infrastructure	SDG 4 4 QUALITY EDUCATION 	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	<ul style="list-style-type: none"> Functioning of the AIFC-based innovative programming school, QWANT, that seeks to prepare future leaders of the digital economy in Kazakhstan by offering a leading software development programme from Silicon Valley. The development of full-cycle digital educational platforms by the AIFC, as "Alfarabius", to support high school and college students in identifying internal talents and skills, setting career goals, etc. Also, a platform "University of the Future" for professionals to create an educational market to improve competencies in various professional areas. The AIFC Academy of Law has organised six legal education programmes with 323 students on various legal topics for students, journalists, for authorised employees in local executive bodies and organisations responsible for attracting investments. The BCPD team created all necessary opportunities for open education for professionals across the country, and by the end of 2020 had retrained 3,627 specialists in such certification areas as CFA / Investment foundation, FRM / ERP / Fundamentals of Financial Risk, ACCA , CIMA, CIA, HRCI, PMI, Islamic Finance, and CMC. In 2020, the AIFC Fintech Hub launched an educational programme for entrepreneurs called the SupportSvoy project. Providing the market with high-skilled labour.
		4.6 By 2030, ensure that all young people and a substantial proportion of adults, both men and women, achieve literacy and numeracy	<ul style="list-style-type: none"> Shaping professional development trajectories, developing the human resources of local specialists through the A-PRO project with the aim of providing professional services to the AIFC ecosystem and the external market, as well as creating jobs through the hiring of specialists. In 2020, the AIFC talent pool reached 12,000 candidates, all of whom fully comply with modern trends and market requirements. The online internship programme "BCPD for University Students: Inspiring Leadership" for undergraduates and graduates from all regions of Kazakhstan, which improves their English, investment literacy, as well as analytical, research and leadership skills. In order to boost financial literacy levels and awareness of Islamic finance among the general public, various training lectures are regularly held for representatives of SMEs, the financial market and government bodies of the regions of Kazakhstan, universities in Kazakhstan, as well as participants from Tatarstan.
	SDG 9 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	<ul style="list-style-type: none"> Elaborating the AIX Green Bonds Rules, which define the criteria for green projects that can be financed through the issuance of green bonds, as well as the issue procedure itself.

AIFC STRATEGIC DIRECTION	SELECTED SDGS	RELEVANT TARGETS	KEY INITIATIVES AND PROJECTS
Leapfrog into the future by leveraging the fourth industrial revolution (4IR)	SDG 8 8 DECENT WORK AND ECONOMIC GROWTH 	9.b Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities	<ul style="list-style-type: none"> Supporting the fintech start-up community in Central Asia and the region. Developing the Eurasian Mining Exchange which expands access to capital. Scientific and innovation management contributions from the AIFC Bodies and their organisations to the development of the local expertise.
		8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services	<ul style="list-style-type: none"> Attracting investments in new businesses and production, AIFC contributes to the creation of new jobs. Developing the AIX Regional Equity Market Segment to finance SMEs and expand the access to financial services.
	SDG 16 16 PEACE, JUSTICE, AND STRONG INSTITUTIONS 	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	<ul style="list-style-type: none"> Establishing a Belt and Road Initiative market by further enhancing the legal framework and creating the infrastructure for Asian currency market instruments. Establishing a World Economic Forum Fourth Industrial Revolution Affiliate Centre in the AIFC with the scale and ambition to help chart Fourth Industrial Revolution governance.
		16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all	<ul style="list-style-type: none"> Providing the world class tried and tested dispute resolution services at the cutting edge of international standard dispute resolution by the AIFC Court and IAC.
		16.5 Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> Strict compliance of the AIFC bodies and their organisations with the AIFC Ethics Code and internal policies related to anti-bribery and anti-corruption.
		16.6 Develop effective, accountable and transparent institutions at all levels	<ul style="list-style-type: none"> The AIFC has developed its Ethics Code in consultation with the London-based Institute of Business Ethics, and principles for corporate governance for AIFC Bodies in consultation with international corporate governance experts and TheCityUK.



DEVELOPMENT OF REGIONAL HUB OF GREEN FINANCE

Following the mission to contribute to the sustainable economic development of Kazakhstan and the region, the AIFC uses the AIFC Green Finance Centre (GFC) as its strategic instrument to foster the contribution to the development of a green economy and to achieve the strategic goals.

With technical support from the GFC, in August 2020 green bonds were issued on AIX for the first time; in particular, Damu Entrepreneurship Development Fund, with support from the UN Development Program, carried out a successful debut KZT 200 mln placement of green bonds on AIX.

As part of work to create a Green Financial System of Kazakhstan in the midterm, the GFC is working on elaborating the principles of disclosing information on the environmental and social responsibility of the AIFC participants and companies listed on AIX, as well as the elaboration of ESG Reporting Guidelines.

The GFC project pipeline has a number of renewable energy projects, including the construction of solar power plants, small hydroelectric power plants, and the construction and operation of street lighting networks. Also, given that the GFC has expanded its line of debt instruments to social bonds and green loans, projects to construct affordable housing and bioelectric power plants are under development.

The total value of pipeline projects is

\$270 mln

Categories of green projects on which green bonds on AIX can be issued comprise:

01. Renewable energy.
02. Energy efficiency.
03. Pollution prevention and control.
04. Environmentally sustainable management of living natural resources and land use.
05. Terrestrial and aquatic biodiversity conservation.
06. Clean transportation.
07. Sustainable water and wastewater management.
08. Climate change adaptation.
09. Eco-efficient and/or circular economy adapted products, production technologies, and processes.
10. Green buildings.

PROFESSIONAL COMMUNITY AND PARTNERSHIP DEVELOPMENT

As part of its mission and the strategic direction to leapfrog into the future by leveraging the fourth industrial revolution (4IR), the AIFC works hard to build constructive dialogues with local and international investors, market participants, current and potential issuers, regulatory agencies, and the professional community, both by direct communication through AIFC Bodies and their organisations and working groups, and also at investment conferences, forums, and special training events to attract investment into the Kazakh economy.

INTERACTION WITH THE PROFESSIONAL COMMUNITY

INTERNATIONAL COOPERATION	REGIONAL COOPERATION	OTHERS
The creation of a High-Level Regional Group for Policy Development in Europe and Eurasia by the World Economic Forum, following the emergence of the COVID-19 virus. Establishing a World Economic Forum Fourth Industrial Revolution affiliated centre in the AIFC.	Developing the framework of interaction of the AIFC with the regions of Kazakhstan in December 2020.	In February 2020, to confirm the commitment to promoting cooperation in the areas of sustainable and green finance, Islamic finance, and financial technologies, the AIFC established cooperation with the Financial Centre in Stuttgart "Stuttgart Financial" by signing a relevant Memorandum.
The AFSA became the 75th member of the International Association of Insurance Supervisors (IAIS) Multilateral Memorandum of Understanding (MMoU). This agreement will strengthen cooperation with other regulators in the field of cross-border supervision of insurance companies, which is necessary for the development of effective supervision and consumer protection in the AIFC.	The Belt and Road Initiative is a key strategic area for the AIFC. Since its inception, the AIFC has positioned itself as the investment and financing hub for the BRI in Kazakhstan and Central Asia. As the key step in participating in the Belt and Road Initiative, the AIFC has started developing the offshore RMB market to support the investment and financing of the BRI project with RMB and to become a clearing and settlement centre of RMB in Central Asia. The AIFC became a signee of the Green Investment Principles for the BRI in 2019 and is committed to further cooperation in this area. This also aligns with the new vision of the country to become carbon neutral by 2060.	In February 2020, as part of promoting the AIFC as a regional financial centre, the GFC and Mongolian Sustainable Finance Association (MSFA) signed a Memorandum of Understanding on cooperation and knowledge exchange in the field of sustainable and green finance.
The AFSA also became a member of the International Organisation of Securities Commissions (IOSCO) Enhanced Multilateral Memorandum of Understanding for Consultation and Cooperation and Information Exchange (EMMoU).		In May 2020, to promote cooperation with financial regulators in European countries, the AFSA signed a bilateral Memorandum of Understanding and Cooperation and a Memorandum of Understanding in the field of alternative investment funds with the Cyprus Securities and Exchange Commission (CySEC).
The GFC is an AIFC focal point in the International Network of Financial Centres for Sustainability (FC4S). The AIFC was a founding member of this network back in 2017. The GFC takes part in FC4S Annual Meetings on a constant basis, where it presents AIFC achievements in green finance and sustainable development.		

IMPROVING PROFESSIONAL EDUCATION

Within the strategic direction of the investment in physical and especially digital infrastructure, the AIFC Bodies and their organisations are actively working on development and successful execution of numerous educational programmes aimed at improving the professional education of the local human capital via training the qualified personnel through international certification programmes and educational technologies.

QWANT

The first project, QWANT, is an innovative programming school that offers a leading software development program from Silicon Valley to ensure that its students will gain all the IT skills they need for the future. The curriculum is built around the principles of active learning, peer-to-peer and project-based learning, gamification, and role-play.

In 2020, for the first time 88 QWANT alumni entered the open market. 27 companies who are industry leaders in banking, the Internet of things, e-commerce, telecommunications, and IT showed an interest in graduates, 46 of whom have already been employed or received job offers.

UNIVERSITY OF THE FUTURE AND ALFARABIUS DIGITAL PLATFORMS

Promotion of business activity in the EdTech industry as a highly effective potential driver of the economy (B2B).

To meet the requirements of a dynamically developing market, the digital platforms Alfarabius and University of the Future, which foster the nurturing of new talent and support the concept of continuous development for a wide portion of the population, have been developed.

Through **Alfarabius**, we seek to prepare students for modern work, helping them develop resilience, skills, and digital competencies so that they can contribute to the economy of Kazakhstan. The Alfarabius platform will support students in identifying internal talents and skills, setting career goals, choosing a university, developing flexible skills, and enhancing their employability.

University of the future is a platform for professionals aimed at creating an educational market to boost competencies in finance, investment, personnel management, project management, change management and accounting. The platform strives to create a highly recognised professional community that can provide qualified human resources to support the AIFC Bodies and their organisations and participants, as well as the external market.

AIFC ACADEMY OF LAW 2020

The AIFC Academy of Law is an educational platform established to provide educational legal programmes on AIFC Law with a view to preparing professionals for international commercial law practice, cooperating with international education institutions, and providing other educational services.

Providing legal education programmes on the AIFC Law and international commercial practice is part of the training offered to highly qualified specialists, and contributes to facilitating the effective operation of businesses in the AIFC jurisdiction, as well as the well-functioning of the AIFC in general.

Since January 2020, the AIFC Academy of Law has organised 55 joint seminars and webinars with law firms and education institutions, in which 2,870 people have taken part.

PERSON-CENTRED LEARNING

Multimodality and multi-vector in professional development through creating a balanced model of flexible skills and professional competencies (B2C).

The COVID-19 pandemic triggered wide-scale disruption within education systems, including for adults, and reduced opportunities for many professionals. The BCPD team, urgently responding to this challenge, created all necessary opportunities for open education for professionals across the country, and by the end of 2020 had retrained 3,627 specialists in such certification areas as CFA / Investment foundation, FRM / ERP / Fundamentals of Financial Risk, ACCA, CIMA, CIA, HRCI, PMI, Islamic Finance, and CMC.





CORPORATE SOCIAL RESPONSIBILITY

The AIFC recognises that employees underpin the attainment of strategic goals through consistently applied effective and motivated work, including efforts aimed at solving non-standard tasks.

CARING FOR EMPLOYEES

The AIFC recognises and understands its obligations in the area of health and safety, and hence ensures that adequate systems are in place to minimise risks to health (for example, in relation to fire hazards and the use, handling, storage, and transportation of dangerous articles and substances) and to provide related information, instructions, trainings, and supervision to employees. Also, the AIFC takes the responsibility to safeguard health and safety of its employees at work. In addition, when an employee joins the company they are informed in writing about the dangers (if any) connected with their employment and of respective protective measures they must take. Furthermore, employees are provided with and are required to maintain adequate and safe access to the workplace and given all necessary resources to enable them to adhere to the safety rules.

AIFC GREEN OFFICE

The AIFC infrastructure consists of two EXPO site pavilions, C3 and C4, certified by the international green standard for assessing the environmental effectiveness of buildings, BREEAM, in 2017. The certification evaluates criteria such as management, health and comfort, energy, transport, water, materials, waste disposal, land use and waste disposal, pollution, and innovation.

The AIFC also adheres to the Green Office policy. In this regard, a separate waste collection programme has been introduced across AIFC offices, which involves waste being collected and then sent for recycling. Business processes are digitised as much as possible on platforms such as Enterprise System Management and Property Management System, which minimises the use of paper.

AIFC'S RESPONSE TO COVID-19

In 2020, the AIFC implemented various measures to look after the mental and physical health and well-being of its people, providing a number of online events and programmes, with a view to facilitating employees' continuous development and learning. With the COVID-19 pandemic upsetting international travel plans from mid-March 2020 onwards, a programme of online and senior level meetings took place, most notably, via a week-long Astana Finance Days conference held in June and July. In addition to measures to resolve disputes online, an online AIFC Court and IAC Webinar Series was held. The aim of the series was to ensure that the business and legal community are kept abreast of developments at the AIFC Court and IAC, as well as of other dispute resolution matters, including the various challenges posed by the COVID-19 outbreak.

KEY AIFC INITIATIVES AND RESPONSES DURING THE COVID-19 PANDEMIC IN 2020

01. Implementing a range of sanitary measures in buildings: wall and floor antiseptic solutions, regular disinfections of offices and common spaces, disinfections of ventilation systems, a requirement to wear masks, taking people's temperature at entrances / exits, and restrictions in how visitors and AIFC employees work, including switching to a remote working format for 80% of employees. PCR testing to determine levels of COVID-19 infections.
02. A medical group of qualified professionals was set up to advise employees 24/7.
03. A working group of employees was created to provide support and consultations to employees.
04. Full exemption from rental payments for all participants, partners, and service companies of the AIFC during what was deemed to be an official state of emergency related to COVID-19 within the country.

SUPPORTING OUR STAKEHOLDERS

The AIFC greatly values its stakeholders, and supports them by acting in the AIFC's best interests, at the same time as being accountable for our activities, and safeguarding and effectively using our resources. Acting responsibly and transparently goes hand in hand with achieving the strategic objectives of the AIFC, as set forth in the Constitutional Statute of the Republic of Kazakhstan "On the Astana International Financial Centre". The AIFC regularly provides full and transparent information to our stakeholders.



LIST OF KEY STAKEHOLDER GROUPS

STAKEHOLDERS	REASON FOR ENGAGING WITH STAKEHOLDERS	REASON FOR ENGAGING WITH AIFC	ENGAGEMENT MECHANISMS
1 Business Community and investors	<ul style="list-style-type: none"> To attract investment. To foster cooperation in business projects. To assist in establishing the AIFC as a regional financial centre and to develop the economy of Kazakhstan. To develop financial markets in the region (including new services and products for public and private sectors). To improve the business environment. 	<ul style="list-style-type: none"> To have access to world-class infrastructure. To facilitate business growth opportunities. To foster reliable partnerships. To provide access to investors, including major international and regional financial institutions, as well as asset managers and Islamic finance institutions. 	<ul style="list-style-type: none"> business forums, investor days publications on AIFC products organising business meetings
2 AIFC participants	<ul style="list-style-type: none"> To provide products and services. To boost business activity. To participate in the implementation of the overall strategy and mission of the AIFC. To attract investment. To foster cooperation in business projects. To enhance the AIFC regulatory framework. 	<ul style="list-style-type: none"> To have access to quality infrastructure and secure independent regulations. To have access to a common law framework. A beneficial tax system. An innovative trading infrastructure. To have access to commercial dispute resolution procedures. Investor protection. Ease of establishment and low costs. 	<ul style="list-style-type: none"> organising forums, events, workshops, webinars, etc. feedback through surveys, meetings, Q&A AIFC publications and research reports
3 Partners	<ul style="list-style-type: none"> To foster international cooperation and recognition. To facilitate the exchange of best practices and knowledge. To promote the AIFC. To implement international regulatory standards. To facilitate the entry of the AIFC onto international indices and ratings. The joint implementation of projects at the AIFC site, together with international organisations. 	<ul style="list-style-type: none"> To foster cooperation on the development of new products and services. To promote international standards. To conduct trainings and seminars for the business community, with the participation of international organisations. To attract investors. To safeguard commercial interests. 	<ul style="list-style-type: none"> conducting negotiations and meetings with partners concluding agreements and memoranda of cooperation publishing annual reports on the Centre's website

STAKEHOLDERS	REASON FOR ENGAGING WITH STAKEHOLDERS	REASON FOR ENGAGING WITH AIFC	ENGAGEMENT MECHANISMS
4 Government	<ul style="list-style-type: none"> To build and bolster relationships with the government, as a partner in the development of the economy. To provide inputs into legislative development processes. Legal compliance. To implement the government's strategy. 	<ul style="list-style-type: none"> To play a key role in economic development. To attract investment. To develop the financial industry landscape. To provide new products and services. To assist in implementing the government's strategy. To assist in the effective implementation of state programmes. 	<ul style="list-style-type: none"> holding Management Council meetings participating in various platforms with the government elaborating the legal framework affecting the interests of the Centre preparing responses to incoming requests publishing annual reports on the Centre's website, as well as disclosing other information in accordance with legislation and best practices participating in official delegations and during international visits from state officials
5 Shareholder	<ul style="list-style-type: none"> To ensure the enforcement of shareholders's rights pursuant to the principles of corporate governance. To provide reliable information on the results of financial and economic performance. To implement the AIFC Development Strategy until 2025. 	<ul style="list-style-type: none"> To observe the interests of the Centre's shareholders. To assist in effective implementation of state programmes. 	<ul style="list-style-type: none"> holding shareholder meetings carrying out the instructions of shareholders participating in elaborating and updating the regulatory framework that affects the interests of the Centre preparing responses to incoming requests publishing annual reports on the Centre's website, as well as disclosing other information in accordance with legislation and best practices
6 Employees	<ul style="list-style-type: none"> To provide employees with an appropriate strategic direction and focus. To provide a safe, positive, and inspiring working environment. To ascertain and respond to the needs and concerns of our employees. To provide a competitive salary and opportunities for career development in an advanced financial institution. 	<ul style="list-style-type: none"> To provide feedback and inputs on how to improve the working environment and boost business performance. 	<ul style="list-style-type: none"> operation of the Hotline to receive complaints and reports running internal communication channels assessing employee engagement levels organising corporate meet-ups



07.

ANNEXES

STARTING A BUSINESS IN AIFC

HOW TO START A BUSINESS IN AIFC

STEP 01. Go to website: digitalresident.kz



STEP 02. Complete the requirements to register the entity in the AIFC:

- Fill in an application form
- Pay the registration fee

STEP 03. Application assessment and approval by AFSA.

STEP 04. Receive your certificate/license to start operating.

For support, please contact Registration Support Department of AIFC Business Connect:

rsbd@aifc.kz



Video-instruction on company registration



AIFC LEGAL AND REGULATORY FRAMEWORK

ADVANTAGES OF AIFC JURISDICTION FOR BUSINESS COMMUNITY



STRUCTURING PUBLIC-PRIVATE PARTNERSHIP PROJECTS THROUGH THE AIFC



LEGAL FRAMEWORK



AIFC VENTURE CAPITAL PRACTICAL GUIDEBOOK





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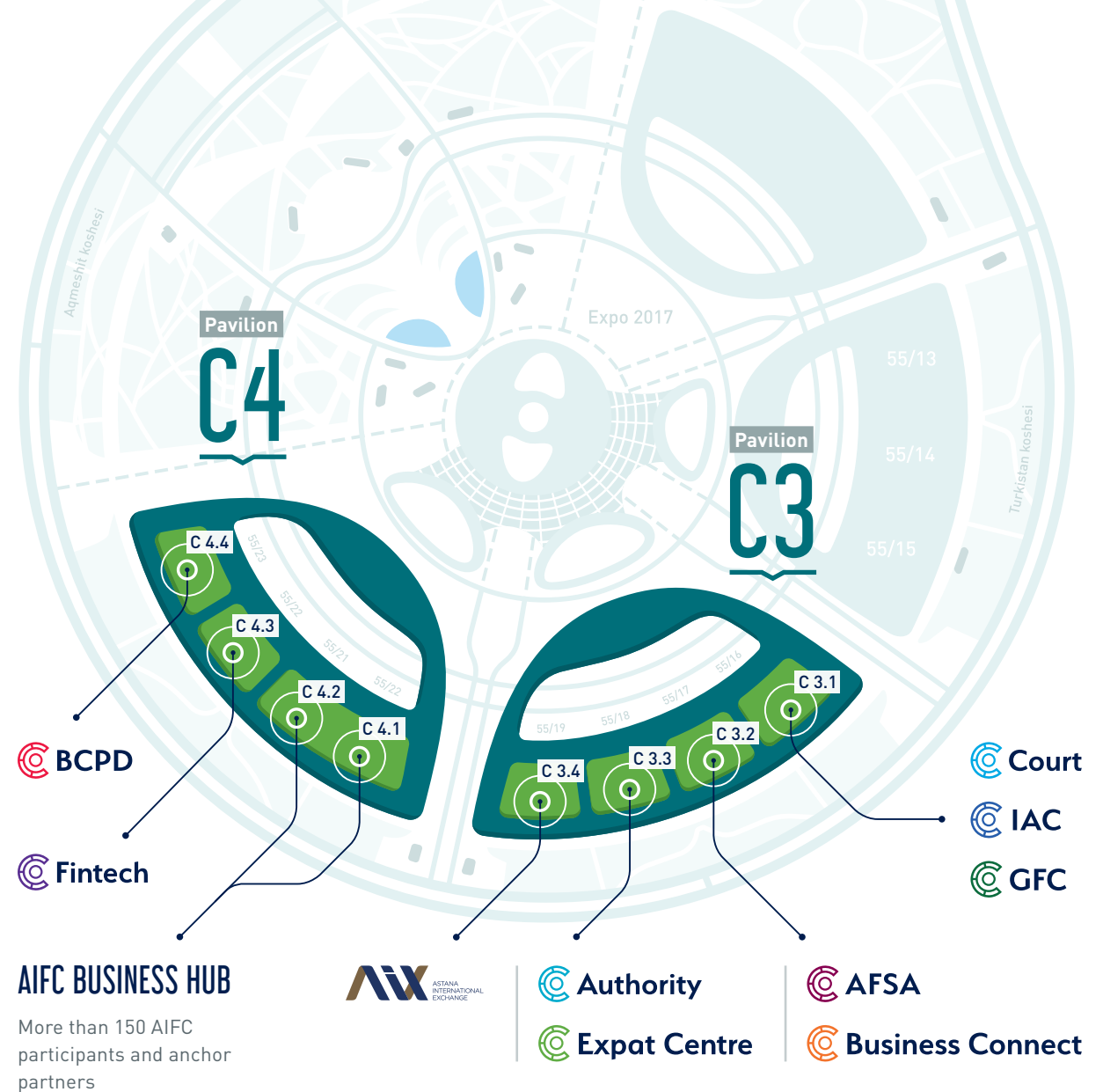


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EXPO REAL ESTATE

AIFC OFFICES AT THE EXPO SITE





OFFICE INTERIORS





 **AFSA** Astana
Financial
Services
Authority

 **Business Connect**





AIFC Astana International Financial Centre
MANAGEMENT COUNCIL

AI
ASTANA INTERNATIONAL EXCHANGE



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4	https://www.adb.org/sites/default/files/publication/159307/adbi-connecting-central-asia-economic-centers-final-report.pdf
5	https://www.doingbusiness.org/en/reports/global-reports/doing-business-2020
6	https://www.nationalbank.kz/en/page/statistika
7	https://nationalbank.kz/ru/news/pryamyie-investicii-po-napravleniyu-vlozheniya
8	https://www.nationalbank.kz/en/page/statistika
9	https://openknowledge.worldbank.org/bitstream/handle/10986/32436/9781464814402.pdf
10	https://primeminister.kz/en/news/sovet-po-uluchsheniyu-investicionnogo-klimata-rassmotrel-perspektivy-vosstanovleniya-ekonomiki-rk-2292428
11	https://www.primeminister.kz/ru/news/sovet-po-uluchsheniyu-investicionnogo-klimata-rassmotrel-perspektivy-vosstanovleniya-ekonomiki-rk-2292428
12	https://aifc.kz/uploads/exp_rus.pdf
13	A regulatory sandbox is a framework set up by the regulator that allows FinTech start-ups and other innovators to conduct live experiments in a controlled environment under the regulator's supervision.
14	For more information about the advantages offered by FinTech Lab, follow this link: https://afsa.aifc.kz/Fintech-lab , and watch the two-minute video.
15	https://gfc.aifc.kz/news/kazakhstan-entered-the-global-green-finance-index/
16	Such as the Asian Development Bank (ADB), Islamic Development Bank (IsDB), IFSB (Islamic Financial Services Board), AAOIFI (Accounting and Auditing Organisation for Islamic Financial Institutions) and CIBAFI (General Council for Islamic Banks and Financial Institutions).
17	https://aifc.kz/files/pages/721/documents/1/islamic-finance-master-plan-for-the-republic-of-kazakhstan-2020-2025.pdf
18	A review of corporate governance in UK banks and other financial industry entities: Final Recommendations, 2009.
19	A balanced assessment of a company's financial position requires several alternative perspectives — this typically includes analysis of a company's operating, investing and financial performance, and funding structure.
20	https://www.thecityuk.com/assets/2020/Reports/c16d38b7b8/UK-Kazakhstan-corporate-governance-working-group-report.pdf
21	https://afsa.aifc.kz/uploads/Risk%20Management%20Framework%20AFSA.pdf
22	Risk appetite refers to the amount of risk the board is willing to accept to achieve its strategic objectives.
23	https://aifc.kz/files/pages/2275/documents/1/aifc-code-of-ethics.pdf

GLOSSARY

4IR	The Fourth Industrial Revolution
ADB	Asian Development Bank
ADO	Asian Development Outlook
AEC	AIFC Expat Centre
AFSA	Astana Financial Services Authority
AIFC	Astana International Financial Centre
AIX	Astana International Exchange
AIX CSD	The Astana International Exchange Central Securities Depository Limited
BCPD	The AIFC Bureau for Continuing Professional Development
BRI	Belt and Road Initiative
Central Asia	The countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan
CIT	Corporate Income Tax
EAEU	Eurasian Economic Union
EBRD	European Bank for Reconstruction and Development
ECSDA	The European Central Securities Depositories Association
EMMoU	Enhanced Multilateral Memorandum of Understanding
ETNs	Exchange-traded notes
ETFs	Exchange-traded funds
ESG	Environmental, Social, and Corporate Governance
FC4S	International Network of Financial Centres for Sustainability
FDI	Foreign direct investment
FTSE	Financial Times Stock Exchange
GDP	Gross domestic product
GDR	Global Depository Receipt
GFC	The AIFC Green Finance Centre
GFCI	The Global Financial Centres Index
GFLP	Global Green Financial Leadership Program
GGFI	The Global Green Finance Index
GRI	Global Reporting Initiative
GTH	Green Technology Hub
HR	Human Resources
IAC	The International Arbitration Centre
IAIS	International Association of Insurance Supervisors
IMF	The International Monetary Fund
IAIS	International Association of Insurance Supervisors
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering
IsDB	Islamic Development Bank
MSCI	Morgan Stanley Capital International
MoU	Memorandum of Understanding
NDP or the Plan	The National Development Plan of Kazakhstan until 2025
OECD	Organisation for Economic Co-operation and Development
Region	Central Asia, the Caucasus, the EAEU, Western China, Mongolia, and Eastern Europe
SCO	Shanghai Cooperation Organization
SDG	Sustainable Development Goal
SPO	Secondary Public Offering
UN SDGs	UN Sustainable Development Goals
VAT	Value Added Tax
VC	Venture Capital
WEF	The World Economic Forum

