



# **AMENDMENTS No. 10 AIFC MARKET RULES**

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**Astana, Kazakhstan**



In this document, underlining indicates a new text and strikethrough indicates a removed text.

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## 1.10 AIFC ESG Debentures

### 1.10.1 Application

This section sets out the requirements that apply to a Person making an Offer of Securities that are AIFC ESG Debentures. The Rules and Guidance in this section apply to a Person making an Offer of Sukuk as if each reference to Debenture were a reference to Sukuk.

### 1.10.2 AIFC ESG Debenture

A Debenture is an AIFC ESG Debenture if the Debenture:

- (a) is the subject of an Offer of Securities;
- (b) complies with any one of the Qualifying ESG Debenture Standards mentioned in MAR 1.10.3; and
- (c) is subject to external review in accordance with MAR 1.10.4.

### 1.10.3 Qualifying ESG Debenture Standards

(1) An AIFC ESG Debenture must comply with:

- (a) the Principles and Guidelines issued by the International Capital Markets Association;
- (b) the Climate Bonds Standard of the Climate Bonds Initiative;
- (c) the European Union Green Bond Standard;
- (d) the Association of Southeast Asian Nations Green Bond Standard; or
- (e) international standards equivalent to paragraph (a), (b), (c) or (d), which are approved by the AFSA.

(2) The AFSA may approve other ESG standards as Qualifying ESG Debenture Standards if:

- (a) the ESG standards are issued by a governmental body, reputable industry association or reputable investment exchange; and
- (b) the ESG standards are published and freely available.



### Guidance

- (1) The following are examples of available ESG Debentures in accordance with the ESG Debenture Rules established by the AFSA. Issuers are encouraged to align their ESG Debentures with applicable standards irrespective of whether they are expressly listed.
- (a) Green Bonds that comply with International Capital Markets Association Green Bond Principles (GBP) or Climate Bonds Standard of the Climate Bonds Initiative;
  - (b) Social Bonds that comply with International Capital Markets Association Social Bond Principles (SBP);
  - (c) Sustainability Bonds that comply with International Capital Markets Association Sustainability Bond Guidelines (SBG);
  - (d) Sustainability-Linked Bonds that comply with International Capital Markets Association Sustainability-Linked Bond Principles (SLBP) or Climate Bonds Standard of the Climate Bonds Initiative;
  - (e) Transition Bonds that comply with International Capital Markets Association Sustainability-Linked Bond Principles (SLBP) or Climate Bonds Standard of the Climate Bonds Initiative;
  - (f) Sustainable Development Goals (SDG) Bonds that comply with United Nations Development Program SDG Impact Standards; and
  - (g) Blue Bonds that comply with the Practitioner's Guide to Finance the Sustainable Blue Economy.
- (2) For the purposes of issuing ESG Debentures, eligible projects may refer to official national and recognised market taxonomies as encouraged by the Green Bond Principles of the International Capital Market Association, including:
- (a) Kazakhstan's Green Taxonomy;
  - (b) Climate Bonds Taxonomy of the Climate Bonds Standard of the Climate Bonds Initiative (the Green Projects);
  - (c) EU Taxonomy for Sustainable Activities;
  - (d) Common Ground Taxonomy;
  - (e) ASEAN Taxonomy for Sustainable Finance; and
  - (f) Monetary Authority of Singapore Singapore-Asia Taxonomy.

#### 1.10.4 External review



For this rule, a Debenture is subject to external review if the Issuer appoints one or more external review providers to:

- (a) assess through a pre-issuance external review the compliance of the Debenture with Qualifying ESG Debenture Standards; or
- (b) verify the content of post-issuance reporting if required by Qualifying ESG Debenture Standards or any direction given by the Issuer under disclosure requirements in the Prospectus or Offer of Securities, which may include either or both of the following:
  - (i) a report on the use of proceeds and the sustainability-related impact performance in respect of eligible projects;
  - (ii) a report on the performance status in respect of sustainability targets as required by Qualifying ESG Debenture Standards;

### Guidance

- (1) The assessment and verification functions of external review providers may be performed by different providers at different points of time and may not need to be performed in all cases. The requirements outlined in this section apply to the extent required by the specific Qualifying Standard or any direction given by the Issuer.
- (2) Before appointing an external review provider an Issuer should take reasonable steps to ensure that the external review provider:
  - (a) has the required skills, resources, and experience to undertake the review; and
  - (b) is independent of, and not subject to any conflict of interest with respect to, the Issuer.
- (3) When arranging for an external review, an Issuer should take into consideration the International Capital Markets Association Guidelines for Green, Social and Sustainability Debentures Reviews.
- (4) Issuers are expected to ensure that securities admitted to the Official List of an Authorised Investment Exchange comply with both AFSA requirements and the additional requirements imposed by the Authorised Investment Exchange on which the ESG Debentures are admitted.
- (5) Issuers are expected to make publicly available any reports on the use of proceeds, the sustainability-related impact performance or performance status referenced in paragraph (b).